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REPORT
of the
CHAMBER OF COMMERCE, INDUSTRY AND CRAFTS

TEN YEARS OF LITHUANIAN ECONOMY

p 1

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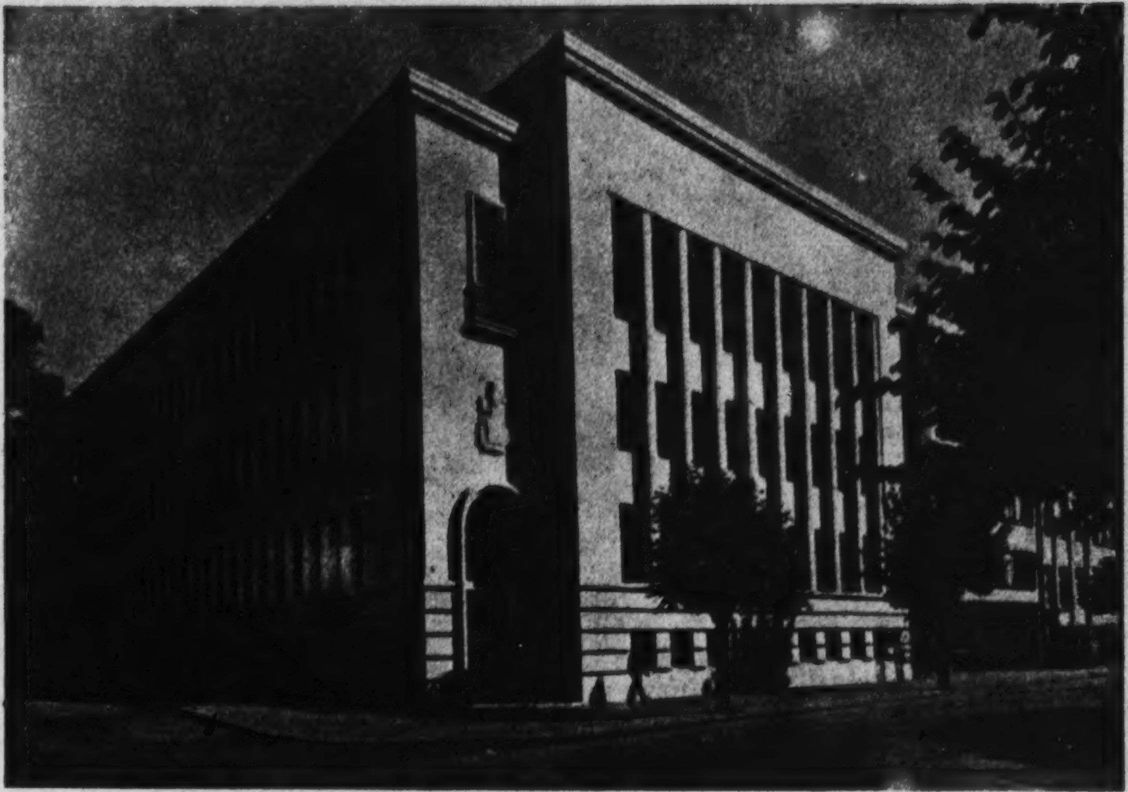

The Chamber of Commerce, Industry and Crafts, erected in 1938. Architect V. Landsbergis-Žemkalnis.

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000 Political economy constitutes the foundation of the superstructure of all other national and State forces. This truism explains the interest of all countries in the development and future of their economy. Taking into consideration that both internal and external factors influence the evolution of political economy, knowledge of them is absolutely essential in order to enable us to anticipate the future course of events.

The Chamber of Commerce, Industry and Crafts, which carries out the upbuilding of a series of the most important branches of our political economy, with this Report on the development of Lithuanian economy during the last decade has rendered a service not only to itself but also to all other organizations of our country which are engaged in the task of regulating economic questions.

The interval investigated in this Report is distinctive in this respect that both our own political economy and the entire world economy during the last ten years passed through a period of high trend; thereafter surmounted a severe crisis, and at the present time are once more in the phase of a fresh expansion. This interval therefore affords a suitable basis for the testing of the expediency of various politico-economic measures, which are included in the framework of economic regulation.

Only knowledge of the past and a survey of the future will enable us more confidently and surely to plan political economy for the well-being of the nation and the State.

Minister of Finance.

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121 The following Report of the Chamber of Commerce, Industry and Crafts pursues the purpose of a concise and clear review of the history of the development of Lithuanian economy during the last ten years. With the exception of agriculture, it deals with all spheres of economics, i. e. industry, foreign and home trade, goods transport, the State finances, and credit conditions.

433 The synthesis of the dynamic of separate economic branches establishes the conclusion that Lithuanian political economy during the past ten years has achieved great progress. Although under the influence of the world economic crisis in the years 1932—1935 it suffered reverses or was at any rate hindered in its growth, the total balance of the ten years on an average shows a doubling of the real volume. Especially the years 1930—1931 and 1936—1937 were signalized by vigorous promotion and expansion periods. Whereas world economy in the autumn of 1937 once more revealed symptoms of a recession, in Lithuania the rising tendency continued.

The greatest successes were achieved in the domain of industry; its production grew uninterruptedly also during the crisis and has on an average increased two and a half times. The liquidation of Free Trade and the confinement of separate politico-economic spheres within their national boundaries under the operation of the world economic crisis, as in other agrarian countries so also in Lithuania have contributed to intensification of the development of home industry.

439 The Lithuanian foreign trade turnover has suffered loss during the crisis as a result of the fall of prices. Its volume nevertheless remained even during the crisis years above the level of 1929. The introduction of the licence system facilitated the maintenance of the active general trade balance in the crisis years and regulation of the trade balance with individual countries.

438 In the domain of home trade, the growth of cooperative trade must above all be premised. Private trade is developing unequally; for while intermediary wholesale trade is receding,

small distributing trade enterprises are holding their own and 49
increasing.

More favourable development is shown by finance and 652
credit conditions; the equilibrium of the State finances and a sound currency and credit policy form the basis on which the superstructure of economy can be reared.

The fact that the economic crisis, notwithstanding its pro- 000
tracted duration, was relatively easily overcome, after which a vigorous advance again set in, is to a great extent to be entered to the credit of the economic policy of the Government, which by means of the regulation of export, the support of production of agricultural supplies, the financing of new industrial promotions, and the regulation of prices has amelio-rated the effects of the world crisis and furthered a healthy private initiative in the interests of the total political economy.

President of the Chamber of Commerce,
Industry and Crafts.

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TEN YEARS OF LITHUANIAN ECONOMY

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I. INDUSTRY

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A. GENERAL SECTION.

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1. Total Number of Industrial Undertakings and their Structure.

The total number of industrial undertakings in Lithuania is estimated at 3 000.

The number of industrial licences issued in 1937 amounted to 15 214, of which, however, 12 981 together were apportioned to the VIII. and IX. categories, which can be assigned to handicrafts. The undertakings of the Memel Territory are not included in these figures.

The statistics of industrial licences for the last ten years are as follows:

1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
5 742	6 010	5 842	5 796	5 735	5 451	5 710	11 904	14 750	15 214

The sudden rise in the number of industrial licences in 1935 is due to the fact that in that year the Patent Tax was extended to small hand-worked concerns without auxiliary power and those with only a single worker, whereas until then only concerns with two employees upwards had been required to take out a licence. The figures for the last three years are therefore not comparable with those for the previous years, but they nevertheless reflect the vigorous rise of Lithuanian economy in 1936 and 1937.

Through the direct computation, which is carried out periodically twice yearly, only such industrial undertakings are included as employ at least five persons. The relevant data on the total number of concerns for the last ten years are as follows:

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1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
1 039	1 044	1 051	1 049	1 105	1 108	1 118	1 136	1 135	1 247

With the exception of 1937, which indicates a big increase of 112, and therefore emphasizes the present-day advance, the remaining modifications in the number of undertakings during previous years are not inconsiderable from a contingent standpoint. They demonstrate that Lithuanian industrial economy did not suffer any serious retrogression in its development through the last crisis. In the very year of the low level of the world crisis (1932), the total number of industrial undertakings in Lithuania actually increased.

433 434 The contingent development of Lithuanian industry is, however, better shown by the total number of industrial workers employed, and still more accurately by that of the effective working days than by the number of concerns. In the concerns already specified above, with a minimum staff of five persons, the following number of workers was engaged in June or July, i. e. at the time when almost all seasonal workers are fully employed:

1928		18 930
1929		19 637
1930	(June)	19 334
1931	(June)	21 053
1932	(June)	19 743
1933	(June)	20 660
1934	(June)	22 282
1935	(July)	23 344
1936	(July)	25 844
1937	(July)	31 689

i. e. with the following number of working-days:

1931	(June)	504 979
1932	(June)	473 621
1933	(June)	472 716
1934	(June)	527 244
1935	(July)	584 958
1936	(July)	647 468
1937	(July)	775 984

We see from the foregoing figures that the influence of the economic crisis first made itself perceptible in 1932, since until 1931 the number of employed industrial workers was still on the up-grade. We may therefore select 1931 as a basis year, and on the ground of the figures of working-days calculate the following indices of the employment of the industrial economy of Lithuania:

1931	1932	1933	1934	1935	1936	1937
100.0	93.8	93.6	104.4	115.8	128.2	153.7

Already on the basis of these figures (an attempt to com- 433
pute the production index is undertaken in the following chap- 464
ter) we may assume that the stagnation in the industrial economy of Lithuania elicited by the crisis which, moreover, did not extend to all industrial branches, began about two years later than in the rest of the world and lasted only two years (world crisis 1930 — 1932, in Lithuania 1932 — 1933) and that the recession of employment amounted to only 6.4% of the erstwhile highest level in 1931.

The regularly progressive upbuilding of Lithuanian eco- 371
nomy, despite the crisis, is likewise disclosed in the statistics 433
for the utilization of engine power by industrial concerns. The relevant data for the last seven years are as follows:

Utilization of Engine Power.

	1931	1932	1933	1934	1935	1936	1937
Total number of concerns	1 049	1 105	1 108	1 118	1 136	1 135	1 247
Number of concerns with engine power..	747	788	819	822	842	864	946
Water, steam, and Diesel engines in H. P.	51 862	62 878	67 536	66 776	74 207	74 722	79 830
Electric-motors in H.P.	18 176	21 926	28 215	27 809	31 142	34 912	45 327
Total in H. P.	70 038	84 804	95 751	94 585	105 349	109 634	125 157
in %	100.0	121.1	136.7	135.0	150.4	156.5	178.7

On the basis of these figures we can determine: (a) That the share of mechanized concerns in the total number of industrial undertakings from 1931 until 1937 has risen from 71.2% to 75.9%; (b) That the engine power pertaining to a mechanized concern rose in the same interval from 93.8 H. P. to 132.3 H. P.; (c) That the total energy of the engines employed in Lithuanian industry has grown by 18.7% during the last seven years; the energy of the primary power engines was increased thereby 53.9% while that of electric-motors was more than doubled — it has risen by 149.4%.

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432 A particularly marked advance is shown by larger undertakings with 50 or more employees*), which represent wholesale industry proper. The following figures illustrate this:

I. Undertakings with 5—49 Employees.

	1930	1931	1932	1933	1934	1935	1936	1937
Total number of undertakings	969	955	1 015	1 010	1 020	1 038	1 034	1 174
Total number of employees	11 473	11 927	11 402	10 906	11 033	11 072	11 598	13 206

II. Undertakings with 50 and more Employees.

Total number of undertakings	82	94	90	98	98	98	101	125
Total number of employees	11.023	12.433	11.844	13.479	15.123	16.298	18.650	23.387

On the basis of the foregoing figures we can reckon that the medium-sized undertakings during the period from 1930 to 1937, in respect of their total number grew by 15.9%, and in respect of the number of employed personnel, by 15.1%, while the large-scale undertakings in the same time showed an increase of 52.4% in their number and 112.2% in the number of employees.

465 The development of industrial activity is also illustrated by the growth of the total amount of wages paid out. The following figures relate to the months of June and July (in thousands of litas):

1931.VI.	1932.VI.	1933.VI.	1934.VI.	1935.VII.	1936.VII.	1937.VII.
3 636	2 991	2 918	2 927	3 011	3 285	4 237

Compared with the index of the cost of living minimum, these tables show, notwithstanding the decrease of nominal

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*) In the „number of employees", the promoters, the workers, and the officials are included.

465 wages, a rise in real wages of approximately 12% since 1931. In various individual branches, moreover, the wages standards of qualified workers were raised not only in 1937 but also in 1935 and 1936, which the above quoted average figures do not indicate, owing to the preponderance of unqualified workers, as a result of the frequent engagement of new employees.

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464 433 The internal structure of Lithuanian industry in respect of the number of undertakings and the total number of employed workers in separate industrial branches are shown by the following Table No. 1.

288 433 464 On the basis of these statistics we may conclude that the largest number of workers, viz., 20.6% of all industrial workers in Lithuania to-day are employed in the textile industry. On an average, a staff of 88 workers pertains to one textile factory.

The first place in respect of the number of employed workers has, however, been reached by the textile industry in recent years, i. e. since 1935. Among all industrial branches in Lithuania it also shows the most intensive development. In spite of the crisis, the number of employed in the textile concerns since 1928 has steadily grown and in comparison with 1928 its position in 1937 had more than quadrupled (+317.5%).

This high level of the employed reflects, however, only the maximum utilization of labour capacity. Thus in 1937 the textile industry was the only branch that employed three shifts, since according to the number of undertakings, viz., 74, it stands far behind other branches.

313 433 464 In the second place stands the timber industry with 16.9% of the total number of workers and 17.6% of the number of undertakings. The size of the staffs rose by 51.1% during the period from 1928 to 1937, the most noteworthy increase having taken place in 1937.

262 433 464 In the third place follows the foodstuffs and luxury goods industry with 16.4% of the total number of workers. According to the number of undertakings (353 concerns or 28.3%), it is, however, entitled to the first place. The total number of the staffs in 1937 in comparison with 1928 shows an increase of 35.4%, which took place during the last three years. During

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Table No. 1.

Classification of Industrial Undertakings of Lithuania according to Branches from 1928 — 1937.

Branches	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers	Under-takings	Wor-kers
I. Peat-cutting	7	578	4	536	6	541	4	490	5	512	4	482	5	515	7	417	10	578	11	629
II. Earth & Stone Industry	91	1 391	106	1 606	108	1 648	104	2 100	101	1 928	84	1 544	97	1 749	82	1 539	89	1 627	99	2 827
III. Metal & Machinery Ind.	93	1 930	85	1 877	94	1 975	95	1 863	93	1 675	88	1 507	91	1 614	92	1 711	86	2 178	103	2 792
IV. Chemical Industry	51	888	52	981	53	792	48	724	48	642	55	901	48	1 355	48	940	47	1 109	48	1 344
V. Leather Industry	36	639	37	635	44	648	36	693	36	614	45	733	41	760	44	824	46	810	51	1 096
VI. Textile Industry	59	1 562	62	1 952	57	2 194	60	2 287	60	2 517	62	2 974	56	3 442	61	4 679	64	5 576	74	6 522
VII. Timber & Woodwork Ind.	193	3 539	178	3 636	178	3 096	193	4 308	210	3 783	211	4 276	196	4 394	192	4 239	181	4 064	219	5 346
VIII. Paper & Polygraphic Ind.	58	2 160	63	2 209	64	2 323	61	2 157	68	1 924	69	2 032	65	2 141	71	2 195	71	2 316	76	2 559
IX. Foodstuffs & Luxury Goods Industry	255	3 837	262	3 773	246	3 616	238	3 752	286	3 735	296	3 772	311	3 811	343	4 284	341	4 770	353	5 195
X. Clothing & Footwear Ind.	147	1 653	149	1 816	154	1 891	157	1 994	142	1 723	140	1 807	148	1 879	148	1 952	146	2 176	157	2 707
XI. Electricity & Gasworks	31	661	28	504	26	479	30	480	30	465	33	448	34	486	31	512	31	509	32	523

[252] [433] 464 the interval 1928—1934 hardly any changes were experienced in the dimensions of the staffs.

To the three above-mentioned industrial branches (textile, timber, and foodstuffs industries) pertain in all 646 undertakings with 17 063 workers, or more than half the total number of concerns and their staffs.

464 433 The remaining more important industrial branches range, according to the number of employed workers, as follows: The stone and earth industry, which during the last ten years has doubled its staff; the metal and machinery industry, the growth of whose employed workers in the same period amounts to 44.7%; the clothing and footwear industry, with a growth of 63.6%; the paper and polygraphic industry, the staff of which has grown by 18.5%; the chemical industry, which to-day employs 51.3% more workmen than in 1928, and the leather industry, which also in the last decade has enlarged the extent of its staff, i. e. by 71.4%.

The smallest number of workers is employed in peat-cutting and in electricity works. The staff of the former during the last ten years has grown only a little; that of the latter has suffered even a slight retrogression which, however, was in no wise evoked by a falling-off in production but rather by its rationalization, as we see from the production statistics.

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2. Aggregate Value of Industrial Production and the Production Index.

The aggregate value of the gross production of the concerns comprised in the statistics (from five employees upwards) amounted in 1937 to 428 200 000 litas against 354 500 000 litas in 1936, which in the course of the last year implies an ad valorem growth of 20.8%. Segregation into separate industrial branches gives the following result:

	1936		1937	
	In 1000 litas	Percentage share	In 1000 litas	Percentage share
1. Peat-cutting	969	0.3	1 126	0.3
2. Stone & Earth Industry	5 461	1.5	8 461	2.0
3. Metal & Machinery Ind.	17 125	4.8	22 406	5.2

4. Chemical Industry	16 713	4.7	21 170	4.9
5. Leather Industry	13 931	3.9	18 189	4.3
6. Textile Industry	52 273	14.8	63 873	14.9
7. Timber Industry	26 576	7.5	38 745	9.1
8. Paper & Polygraphic Industry	27 584	7.8	36 029	8.4
9. Foodstuffs & Luxury Goods Industry*)	161 007	45.4	178 256	41.6
10. Clothing & Footwear Industry	18 037	5.1	22 691	5.3
11. Electricity Works	14 832	4.2	17 293	4.0
Total:	354 508	100.0	428 219	100.0

From the standpoint of production value, the foodstuffs and luxury goods industry holds the first place, while the textile industry and the timber industry stand in the second and third place respectively. In 1937 nearly two-thirds, i. e. 65.5% of the total production value of Lituanian industry pertained to these three branches.

Of the remaining branches there follow in the order named: The paper and polygraphic industry, the share of which in the total production value amounts to over 8%; the clothing and footwear industry; the metal and machinery industry, and the chemical industry, each with a percentage of approximately 5%; the leather industry and the electricty works with a percentage each of 4%; the stone and earth industry whose production value constitutes 2% of the total production; and in the last place, peat-cutting with a share of only 0.3%.

In comparison with the previous year, several changes took place in 1937 in the structural composition of industry, inasmuch as the percentage share of the foodstuffs and luxury goods industry decreased by 4 points; the shares of peat-cutting and electricity works remained almost unaltered, while all other branches raised their shares, inter alia, the timber and paper industries to the greatest extent. The lessening of the share of the foodstuffs and luxury goods industry is to be ascribed to the quantitative and ad valorem recession of the output of the meat industry. The special increase of the share of the timber and paper industries is due, besides the quantitative advance in production, also to the fact that timber and cellulose prices have risen more sharply than those of other articles, while the slight decline in the share of electricity works has resulted from the reduction of about 5% in the price of current.

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*) N. B. These figures also include the butter and cheese production of the dairy-farming cooperatives. Its value in 1936 amounted to 44 805 000 litas and in 1937 to 51 506 000 litas.

One cannot, however, draw any general conclusions from the above quoted value figures, as regards their quantitative development, because prices have varied during the period under review, and this variation has proceeded individually in each commodity group. We shall therefore return below to this question in the calculation of the production index and in the analysis of the production of separate industrial branches in the following section.

As already mentioned, the figures contained in the foregoing statement represent gross production value. Under the heading of net production value, the specific gravity of separate industrial branches naturally appears in an altered light, because the scope of the politico-economic growth of value is influenced by the divergent levels of the raw materials share. The following table shows us the structure of Lithuanian industry according to net production value (in thousands of litas):

	Gross Production Value	Raw Material and Fuel used		Net Production Value	Percentage share of Total Value
		Domestic	Foreign		
1. Peat-cutting	1 126	65	2	1 059	0.7%
2. Stone & Earth Industry	8 431	1 006	1 405	6 020	3.7%
3. Metal & Machinery Industry	22 406	2 085	9 822	10 499	6.4%
4. Chemical Industry	21 170	3 805	7 084	10 281	6.3%
5. Leather Industry	18 189	6 139	8 407	3 643	2.2%
6. Textile Industry	63 873	12 783	27 504	23 586	14.3%
7. Timber Industry	38 745	18 977	4 916	14 852	9.0%
8. Paper & Polygraphic Industry	36 029	12 090	6 119	17 820	10.8%
9. Foodstuffs & Luxury Goods Industry*)	178 266	113 892	13 970	50 404	30.6%

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*) Since no value figures of the raw materials used for the meat industry are published, they are estimated at 70% of the gross production value.

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10. Clothing & Footwear Industry	22 691	4 339	6 974	11 378	6.9%
11. Electricity Works	17 293	277	1 966	15 050	9.1%
Total:	428 219	175 468	88 169	164 582	100.00

The net production value of Lithuanian industrial output thus amounted in 1937 to 164 582 000 litas, which constitutes 38.4% of the gross production value. The politico-economic value growth, which is derived from the industrial treatment of the raw material, amounts to 62.4%. The relatively restricted magnitude of value growth — in highly industrialized lands such as Great Britain and the U.S.A. it reaches 120% on an average — is due chiefly to the great importance of the foodstuffs industry, wherein, as is well known, the share of raw material is always particularly large.

Comparison of the share of separate industrial branches, reckoned according to gross and net values, shows that, as regards gross value more especially, great weight attaches to the leather industry and the foodstuffs and luxury goods industry on account of the high proportion of raw material; and, on the other hand, as regards net value, to electricity works and the paper and polygraphic industry.

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The ascertained production value for 1936 and 1937 depends upon an uninterrupted grasp of all industrial branches of Lithuania. In view of the fact that the total value amounts obtained for earlier years do not comprise complete data to the same degree, in order to represent the contingent development for the period 1929—1937, only the production amounts of the most important industrial branches, which methodologically supply comparable quantities, can be included. Thus the data placed at our disposal comprising 80% in round figures of the aggregate industrial output are sufficiently representative correctly to depict the general development tendency.

(The year 1933 has been omitted from the appended table because no statistical data on industrial production are available for that year).

Gross Production Value of the most important Industrial Branches (in 1 000 litas).

	1929	1930	1931	1932	1934	1935	1936	1937
1. Peat-cutting	1 060	922	878	617	509	599	969	1 126
2. Stone & Earth Industry	5 264	5 717	7 452	5 667	4 535	4 053	4 851	7 424
3. Metal & Machinery Industry*)	10 729	12 465	12 106	9 177	8 764	8 292	12 343	16 449
4. Chemical Industry	21 604	20 897	17 782	14 660	17 963	15 555	16 115	20 637
5. Leather Industry	14 591	15 525	14 601	10 027	8 967	8 781	11 572	15 116
6. Textile Industry	23 223	27 595	27 356	25 205	35 554	40 710	50 440	61 512
7. Timber Industry	35 015	27 038	32 669	25 586	24 575	24 212	26 576	38 745
8. Paper & Polygraphic Industry	42 214	41 174	29 631	21 144	25 017	23 739	27 436	35 807
9. Foodstuffs & Luxury Goods Industry**)	93 480	85 674	132 995	135 537	95 226	92 406	108 336	118 110
10. Clothing & Footwear Industry	10 030	12 173	13 104	10 673	11 720	12 349	15 362	19 619
11. Electricity Works	10 642	11 500	12 500	11 880	11 310	12 068	12 851	15 172
Total:	268 052	260 680	301 174	270 166	244 140	239 764	286 874	349 717

In order to be able to assess the development of the industrial production according to its quantitative extent on the basis of the foregoing figures, we must first of all bear in mind that prices since 1929 on an average have fallen almost by half, in view of which the volume of production discloses actually a much greater increase than that indicated in the foregoing values. Calculated on the basis of an appropriate price index, above mentioned, value amounts of industrial production, expressed in the prices of 1929, show the following figures (in 1 000 litas):

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*) Without production of means of communication.

**) Without butter production.

	1929	1930	1931	1932	1934	1935	1936	1937
1. Peat-cutting	1 060	922	905	1 011	979	1 274	1 977	2 298
2. Stone & Earth Industry	5 264	5 971	7 850	7 247	8 262	7 966	9 789	12 080
3. Metal & Machinery Industry	10 729	13 261	15 324	13 905	14 607	15 356	23 268	24 922
4. Chemical Industry	21 604	21 231	21 169	19 810	30 970	28 731	30 990	36 205
5. Leather Industry	1[illegible] 591	17 055	17 806	14 324	16 304	18 683	25 156	31 492
6 Textile Industry	2[illegible] 223	31 278	38 622	41 680	65 087	68 947	102 025	120 356
7. Timber Industry	35 615	26 533	29 538	31 117	43 883	48 424	54 236	61 500
8. Paper & Polygraphic Industry	42 214	43 802	35 275	28 572	43 132	43 961	52 761	62 819
9. Foodstuffs & Luxury Goods Industry	93 480	96 263	166 244	193 624	161 400	174 351	216 672	222 849
10. Clothing & Footwear Industry	10 030	12 826	16 163	15 561	22 194	26 246	33 319	41 4[illegible]
11. Electricity Works	10 842	13 487	15 049	15 103	17 911	20 643	22 812	28 5[illegible]
Total	268 052	282 629	363 945	381 954	424 729	454 582	573 005	644 549

The conversion of the value data follows on the authority of the following sources in each instance, viz.,

1. **For peat-cutting:** Price-index, calculated on the basis of the average value of the production statistics of the Central Statistical Bureau;

2. **For the Stone and Earth Industry:**

(a) For the brick production price-index, calculated on the basis of the average value of the production statistics of the Central Statistical Bureau;

(b) For glass production, price-index of Industrial Products of the Lietuvos Bankas (Bank of Lithuania) Bulletin.

3. **For the Metal and Machinery Industry:** Price-index for iron and steel calculated according to the average prices of the Lithuanian import statistics, price-index of Industrial Products of the Lietuvos Bankas Bulletin and the price-index of fuel of the Lietuvos Bankas Bulletin (adjusted arithmetical average according to the ratio 5;5;1);

4. **For the Chemical Industry:** Price-index of Industrial Products of the Lietuvos Bankas Bulletin; 433

5. **For the Leather Industry:** Price-index for sole leather, calculated according to the Price Statistics of the Central Statistical Bureau;

6. **For the Textile Industry:**

(a) For flax treatment, index of flax prices of the Central Statistical Bureau;

(b) For the remaining branches of the textile industry, price-index of manufactured goods of the Lietuvos Bankas Bulletin;

7. **For the Timber Industry:** Price-index for pine-boards calculated according to the price statistics of the Central Statistical Bureau;

8. **For the Paper and Polygraphic Industry:** Price-index for industrial products of the Lietuvos Bankas Bulletin;

9. **For the Foodstuffs and Luxury Goods Industry:** Price-index of provisions of the Lietuvos Bankas Bulletin;

10. **For the Clothing and Footwear Industry:**

(a) For the Clothing Industry, price-index of manufactured goods of the Lietuvos Bankas Bulletin;

(b) For the Footwear Industry, price-index for shoes of the Central Statistical Bureau;

11. **For Electricity Works:** Index of the price of electric current, calculated on the basis of the average value of the production statistics of the Central Statistical Bureau.

The value series, converted in this manner to the prices of 1929, afford an adequately reliable foundation for the calculation of the production index. This course had therefore to be selected because the data at our disposal on the volume of production methodologically differ from one another and are insufficient to enable us to form comparable proportion series for the entire period under review (1929—1937).

Expressed in percentages, the above value figures furnish the following index series of the separate branches of Lithuanian industry (basis year 1929):

	1929	1930	1931	1932	1934	1935	1936	1937
1. Peat-cutting	100.0	87.0	85.4	95.4	92.4	120.2	186.5	216.8
2. Stone & Earth Industry	100.0	113.4	149.1	137.6	156.9	151.3	185.5	229.4
3. Metal & Machinery Industry	100.0	123.6	142.8	129.6	136.1	143.1	217.0	232.3
4. Chemical Industry	100.0	98.3	98.0	91.7	143.3	128.4	143.4	167.6
5. Leather Industry	100.0	114.1	122.0	98.2	111.7	128.0	172.4	215.8
6. Textile Industry	100.0	134.8	166.4	179.9	280.3	296.9	439.3	517.8
7. Timber Industry	100.0	75.8	84.4	88.9	125.3	138.3	154.9	175.6
8. Paper & Polygraphic Industry	100.0	103.8	83.6	67.7	102.1	104.1	124.9	148.8
9. Foodstuffs & Luxury Goods Industry	100.0	102.9	177.8	207.1	172.7	185.4	231.8	238.4
10. Clothing & Footwear Industry	100.0	127.9	161.1	155.1	221.3	261.7	332.2	413.1
11. Electricity Works	100.0	124.4	138.8	139.3	165.2	190.4	210.4	263.7

An analogous conversion of the total amounts would provide a general production index appraised according to the gross value shares. The foregoing inquiry has, however, shown that in consequence of the predominant rôle of foodstuffs production in Lithuanian industry, an appraisement according to gross values would distort the general contingent aspect. An appraisement according to net values, notwithstanding some immaterial nuances, undoubtedly most faithfully portrays the variations of the real economic yield of industry. According to the net value coefficients which, on the basis of the relationships of the gross and net production value for 1937, were correspondingly calculated for each relevant year, adjusted averages supply the following index series of the aggregate industrial production of Lithuania:

Production Index of Lithuanian Industry

1929	1930	1931	1932	1934	1935	1936	1937
100.0	108.3	140.7	153.7	166.5	185.9	244.2	272.0

These figures generally agree, notwithstanding the deviation in 1932, as regards the development tendency, with the employment index already mentioned and calculated on the basis of the workdays statistics, as also with the index of the mechanization of Lithuanian industry. For the sake of comparison, we once more quote all three index series, converted to the year 1931:

[464]

	1931	1932	1933	1934	1935	1936	1937
Employment Index	100.0	93.8	93.6	104.4	115.8	128.2	153.7
Mechanization Index	100.0	121.1	136.7	135.0	150.4	156.5	178.7
Production Index	100.0	109.2	·	118.3	132.1	178.6	193.3

The divergent course of the employment index and the production index in 1932, as also the significantly high figure of the latter are the natural result of the enhancement of labour productivity in consequence of the greatly increased mechanization, which the middle index series expresses.

A comparison of the Lithuanian production index with the Index of World Production (without the U. S. S. R.) of the Statistical Section of the League of Nations, published in the „Bulletin mensuel de statistique“ in June, 1938, gives the following result:

World Production

1929	1930	1931	1932	1933	1934	1935	1936	1937
100.0	88.3	74.8	63.0	71.3	77.0	85.4	95.5	102.5

Production of Lithuania

100.0	108.3	140.7	153.7	·	166.5	185.9	244.2	272.0

This comparison shows that, in spite of the world economic crisis, Lithuanian industry has not been checked in its growth. Thus in 1932, i. e. at a time when world production had suffered a loss of 37% of its position of 1929, Lithuanian production, in comparison with 1929, had risen 53.7%. In the years 1932—1934 the tempo of its development had only slackened, while since 1935 once more a vigorous upward trend has set in, and in 1937 the position of 1929 was more than two and a half times exceeded. This favourable course of Lithuania's industrial production characterizes the foundation period in which the youthful industry of our agricultural land is situated. The retardation of the export of agricultural produce in consequence of the last world economic crisis as also the liquidation of international free trade have, as in many other agricultural countries, also in Lithuania given a stimulus to the accelerated expansion of domestic industry, in order in this way to make good the losses caused by the agrarian crisis.

The enormous discrepancy in the course of both the above compared index series is of course partly attributable to the choice of the basis year, the significance of which is not identical for both the contrasted spheres of production. Whereas for world production 1929 constituted the peak year before the crisis and consequently the starting-point of the new cycle, 1931 was doubtless according to the sense taken as the basis year for Lithuanian industry, as is apparent from the later cited analysis of the production index of separate industrial branches. For the sake of comparison, however, 1932 is the most favourable, because in that year the conjuncture situation of both spheres was relatively most alike. The conversion of both series to the year 1932 furnishes the following result:

1929	1930	1931	1932	1933	1934	1935	1936	1937
World Production								
158.7	140.2	118.7	100.0	113.2	122.2	135.6	151.6	162.7
Lithuanian Production								
65.1	70.5	91.5	100.0	·	108.3	120.9	158.9	176.9

We see from this that in the years 1929—1931 and 1936—1937 Lithuanian production showed a more favourable development than production on a world scale; that in the years 1933—1935 the development of Lithuanian industry lagged behind the tempo of world production; that the production of Lithuanian industry is certainly constantly growing, although its development tempo proceeds more irregularly than that of world production.

The last-named circumstance is still more precisely illustrated by the following comparative figures, which express the occasional percentage variations of production in relation to the past year:

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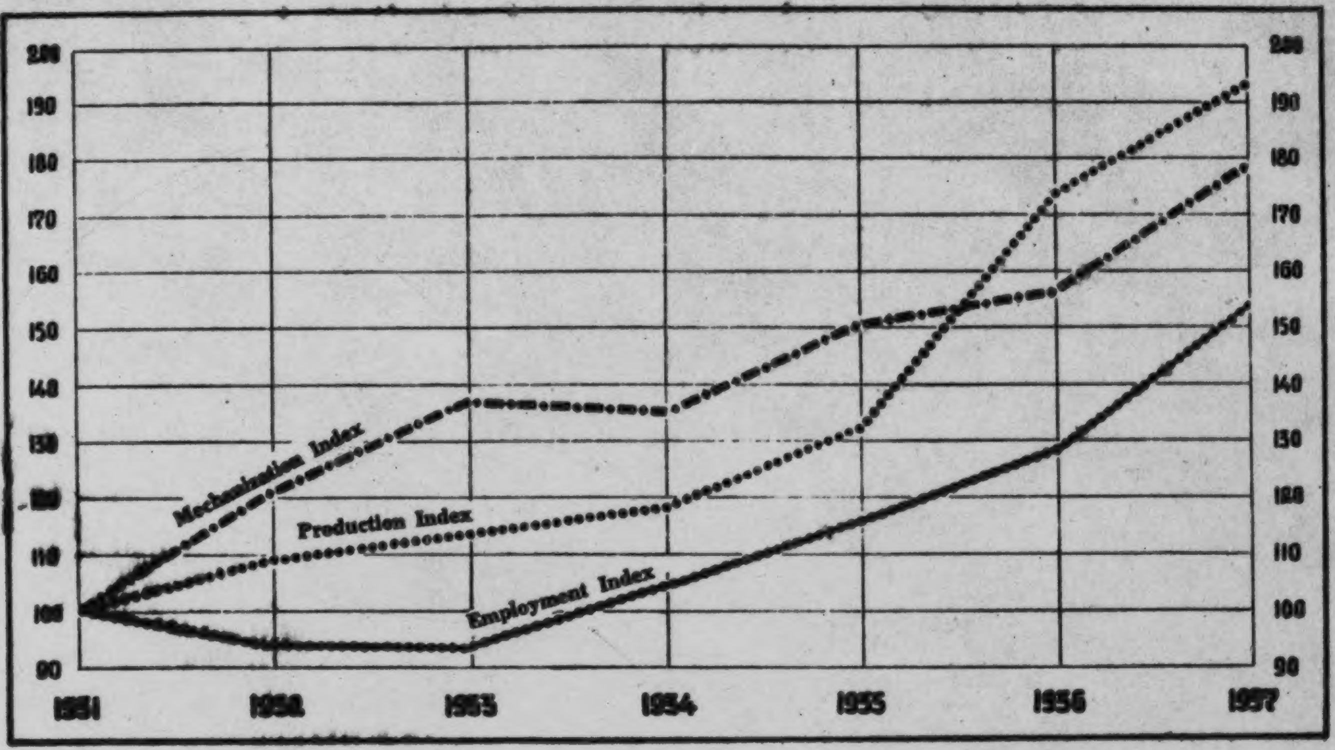
Diagram No. 1.

Index Curve of Lithuanian Industry (1931=100)



Production Growth or Fluctuation in Percentages

	1930	1931	1932	1933/34	1935	1936	1937
World	—11.7	—15.3	—15.8	+22.2	+10.9	+11.8	+7.3
Lithuanian	+8.3	+29.9	+9.2	+8.3	+11.6	+31.4	+11.4

To sum up, we may describe as follows the distinctive course of world production and the industrial production of Lithuania disclosed in all three preceding tables:

1. The circumstance that the influence of the world crisis on Lithuanian industry was first discernible in the third year, but that, on the other hand, its restricted operation lasted three years longer, is explained by the agrarian character of the country, while in 1935 also politico-commercial difficulties had a hindering effect.

2. The high final figures of the Lithuanian production index as also its buoyant progress (i. e. in 1931 and 1936) are explained by the low initial stage and new promotions, and the extension of many industrial branches which ten years before were either wholly lacking, viz., the sugar industry, bacon manufacture, rubber goods production, or existed only to a minimum extent, i. e. the textile industry, more particularly, &c.

3. While the slackening of the upward trend of world production in 1937 accentuated the economic crisis which had already in autumn broken out in the United States, the lower percentage of growth of the general index of Lithuanian industrial production in 1937 in comparison with 1936 is to be ascribed chiefly only to the preceding retrogression of corn-milling in consequence of a less favourable harvest and that of meat production in 1937; the restricted upward trend due thereto of the index of the foodstuffs industry was bound to exercise a prejudicial effect upon the development of the general production index, in view of its predominant rôle in Lithuanian industry.

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The general index of the total industrial production of Lithuania naturally expresses only the average of the occasionally diverse development tendencies of separate industrial branches. Their special production indices show, for example,

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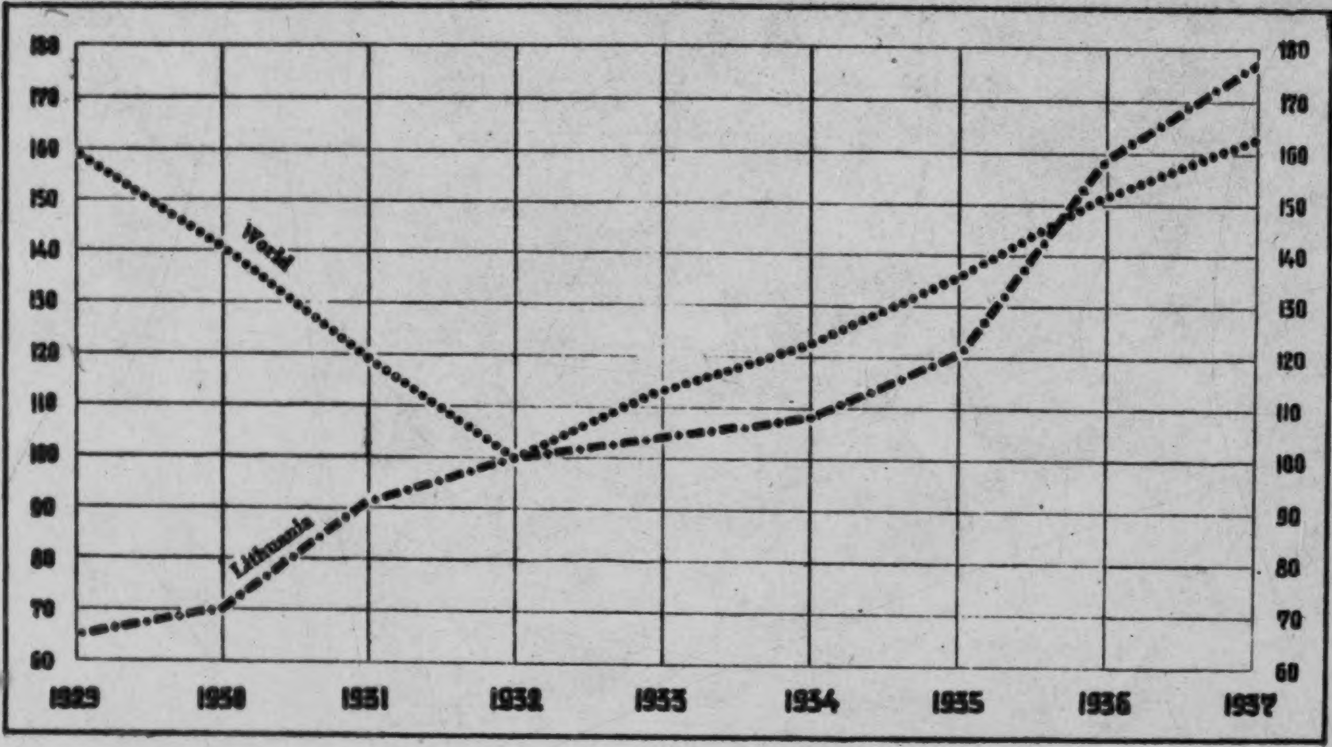
Diagram No. 2

Comparative Indices of Industrial Production (1932=100)



6: Anonymous U-4,5 (no date) 1938 RB5 Lithuanians RB5

433 that several branches had already in 1930 and 1931 suffered a more or less severe recession. The majority, however, grew unhindered until 1931 and for the first time in 1932 the crisis extended to six branches: The stone industry, chemical industry, metal industry, leather industry, paper industry, and clothing and footwear industry. The fact that notwithstanding this stagnation in separate branches of industry, the general production index in 1932 shows no recession, but only a slackening of growth, is in the first place to be ascribed to the establishment of the sugar industry in 1931 and the then upward trend of the meat industry, which since then has not again reached the peak level attained precisely in the crisis years. (In 1937, as already mentioned above, the general contingent aspect of Lithuanian industrial production was influenced in the opposite sense by the foodstuffs industry).

The textile industry and the output of electric current are the separate branches which, since 1929, have uninterruptedly grown. With the exception of the chemical industry and the stone and earth industry, which still in 1936 suffered a setback, the upward trend since 1935 has spread to all remaining branches. The separate branches, however, also now show a more or less divergent development among themselves; they can be correspondingly divided into the following three groups:

1. The first group is composed of the textile industry and the clothing and footwear industry; the production of the former has quintupled since 1929, while that of the latter has quadrupled.

2. The second group belongs to: Electricity works, the foodstuffs industry, the metal and machinery industry, the earth and stone industry, the peat industry, and the leather industry; all these branches have more than doubled their production since 1929.

3. To the third group pertain: The timber industry, the paper and polygraphic industry, and the chemical industry; the production growth for these branches since 1929 amounts to approximately 50—75%.

More detailed data on the development of separate industrial branches are contained in Section B of this chapter (vide „Special Part“).

3. The Geographical Distribution of Lithuanian Industry

The principal centres of Lithuanian industry are Kaunas, Memel, and Šiauliai. To Kaunas (the city and district) in January, 1938, pertained 37.7%, to the Memel Territory 27.5%, and to the Šiauliai district 10.3%, so that to all three in the aggregate in round figures related three-quarters of all the industrial workers employed in Lithuania. 433 438

The development of the geographical distribution of Lithuanian industry during the last ten years is shown by the following comparison of the relevant statistical data:

	Kaunas		Memel		Šiauliai	
	Undertakings	Workers	Undertakings	Workers	Undertakings	Workers
1929	300	6 762	169	5 695	131	2 525
1930 (June)	315	7 334	182	5 457	129	2 517
1931 (June)	343	7 405	137	5 604	129	2 501
1932 (June)	333	6 868	148	5 094	141	2 340
1933 (June)	339	7 568	139	5 618	129	2 105
1934 (July)	334	8 321	150	6 477	131	2 104
1935 (July)	347	8 435	141	7 215	130	2 214
1936 (July)	354	9 721	141	7 214	132	2 684
1937 (Jan.)	340	10 439	137	7 120	125	2 861
1938 (Jan.)	423	11 972	141	8 354	138	3 126

We see from the foregoing table that the most active development of the Kaunas district shows: The number of the undertakings since 1929 has increased there by 41% and the number of employed industrial workers by 77%. In the Memel Territory during the same interval the number of undertakings has fallen by 16.6%, but the number of workers has risen by 46.7%. Šiauliai displays the smallest increase; the number of undertakings there has risen by 5.3% and the number of workers by 23.8%.

Thanks to this development, the rôle of Kaunas as the most important centre of Lithuanian industry, in comparison with that of Memel and Šiauliai, has not only absolutely but also relatively grown considerably during the last ten years.

From the standpoint of separate industrial branches, there have been concentrated in Kaunas in the first place the metal and machinery industry, the chemical industry (production of rubber goods), the stone industry (glass factories and the treatment of paving-stones), the paper industry, and woven goods manufacture. Besides these preponderating branches, a

433 438 considerable part of the wool and cotton spinning and weaving, the timber sawing, furniture manufacture, the foodstuffs and luxury goods industry, &c. is situated in Kaunas.

In Memel is located the largest part of the timber industry (sawing, plywood supply, and cellulose production), the predominant portion of the wool and cotton industry (two-thirds), the artificial fertilizer industry, a considerable share of the foodstuffs and luxury goods industry (meat treatment, tobacco manufacture), &c.

In Šiauliai are concentrated 85% of the Lithuanian leather industry (tanning), nearly 60% of the footwear industry, and two-thirds of the flax treatment industry. In the district of Šiauliai (at Pavenčiai) is situated a sugar factory (the second in Lithuania) which was established in 1935. In Šiauliai itself also four chocolate and sugar ware factories are in operation.

Besides the foregoing three principal centres of industry should also be mentioned: **Panevėžys**, where are situated the biggest Lithuanian milling concerns, also a meat-canning factory of the „Maistas" Company and a large enterprise of the flax treatment industry; **Marijampolė**, with the first sugar factory founded in 1931 and several sawmills; **Plungė** and **Telšiai**, with two of the largest Lithuanian linen factories; **Tauragė**, with a meat wares factory of „Maistas"; **Rokiškis**, with a textile factory (wool weaving) and several dairy-farms; lastly, **Vilkaviškis**, which harbours a third of the Lithuanian underclothing manufacture, an enterprise for fur dressing and the largest bristle treatment concern.

4. The Rôle of the Joint-stock Companies

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The development of the joint-stock capital invested in industry has proceeded as follows:

Year	Total No. of jointstock Cos.	Share-capital in 1000 litas	Proportion of Foreign Capital
1928	56	69 059	7 600*)
1929	57	70 434	7 400*)
1930	62	85 851	19 400*)

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*) Without Memel.

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1931	69	89 794	32 433
1932	76	90 874	32 547
1933	84	98 675	34 733
1934	83	105 979	43 274
1935	84	105 465	45 207
1936	85	107 372	44 881
1937	88	110 883	47 969

On the strength of these data we may conclude that the financing of industry in the form of share-capital concurrently with the development of wholesale manufacture in Lithuania is constantly growing; it amounts to approximately a third of all capital invested in industry. The number of industrial concerns, which are organized as joint-stock companies, has risen by 57.1% during ten years, from 1928 to 1937, and the total amount of the share-capital by 60.6% in the same period.

The share of foreign capital amounts to 43.3% and is 471 chiefly invested in electricity works, the paper industry, and the chemical industry. The largest portion thereof, i. e. 18 200 000 litas or 35% pertains to-day to Belgium; 12 100 000 litas or 23% to Germany; 6 200 000 litas or 11% to Sweden; and 5 500 000 or 10% to Holland.

Approximately 15 000 000 litas represents the investments 652 of the Lithuanian Government, of which the sum of 7 000 000 litas pertains to the „Maistas“ Company and 2 700 000 litas to „Lietuvos Cukrus“.

The share of Lithuanian private capital in the total share- 454 capital invested in industry amounts therefore to 45%.

The distribution of industrial joint-stock companies accord- 473 ing to individual branches and its development during recent years may be seen from Table No. 2.

Thus in 1937 the relatively largest part of the total share-capital pertained to the foodstuffs and luxury goods industry, which possessed 21 undertakings with 27 900 000 litas capital. Among these were 4 mills, 3 chocolate factories, 1 company for sugar production („Lietuvos Cukrus“), 2 undertakings of the meat industry, 3 spirit distilleries, and 4 beer breweries. The number of undertakings has been stationary since 1933; also the capital during the last five years shows only small fluctuations, but in comparison with 1928 it has risen by 66%.

Table No. 2.

The Total Number of Industrial Joint-stock Companies according to Branches and their Capital in 1 000 litas during 1928—1937

	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	No.	Cap.	No.	Cap.	No.	Cap.	No.	Cap.	No.	Cap.	No.	Cap.	Ne.	Cap.	No.	Cap.	No.	Cap.	No.	Cap.
1. Peat-cutting	1	280	1	280	1	280	1	140	1	140	1	140	1	140	1	70	1	70	1	70
2. Stone & Earth Industry	4	2 610	4	2 610	4	2 480	2	1 250	3	1 430	3	1 430	4	1 530	4	1 530	1	1 330	4	1 450
3. Metal & Machinery Industry	9	19 079	8	18 413	8	16 539	8	16 665	7	16 565	8	16 387	9	16 537	8	16 062	10	16 306	8	16 050
4. Chemical Industry	3	470	5	1 720	5	6 720	5	6 720	7	6 920	10	8 070	9	8 100	9	8 100	9	8 028	10	9 028
5. Leather Industry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	250	1	250
6. Textile Industry	4	1 850	5	2 400	6	3 600	9	4 860	10	5 260	10	5 360	11	6 560	11	7 035	11	7 055	16	9 705
7. Timber Industry	3	1 762	5	3 168	5	2 062	7	3 162	7	3 662	7	3 662	7	3 662	7	3 662	7	3 662	7	3 185
8. Paper & Polygraphic Industry	6	17 450	7	18 160	8	18 260	9	18 760	11	18 960	12	19 110	10	19 510	10	19 290	9	19 240	8	18 890
9. Foodstuffs & Luxury Goods Industry	21	16 808	16	15 230	16	18 730	19	24 746	19	26 840	21	27 415	21	27 390	21	26 915	21	28 630	21	27 930
10. Clothing Industry	1	750	2	1 250	3	2 240	5	2 890	7	3 190	8	3 700	7	3 150	8	3 300	8	3 300	8	3 225
11. Building Industry	1	500	1	1 000	1	1 000	1	1 000	1	1 000	1	1 000	1	1 000	2	1 100	2	1 100	2	1 100
12. Electricity Works	2	6 000	2	6 000	3	12 400	3	12 400	3	12 400	3	12 400	3	18 400	3	18 400	3	18 400	2	20 000

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The next largest item consists of both electricity works with 20 000 000 litas share-capital, which has more than quadrupled during ten years.

In the third and fourth place are classed the joint-stock companies from the branches of the paper industry with 18 900 000 litas capital, and the metal industry with 16 000 000 litas capital. The number of related undertakings and therefore also the total sum of capital slightly receded in 1937.

A steep ascent is shown by the number and capital of the companies of the textile branch. The number of companies from 1928 to 1937 rose from 4 to 16 and their capital from 1 800 000 litas to 9 700 000 litas.

The joint-stock companies of the chemical industry during the last ten years also increased from 3 to 10 and their capital rose from 400 000 litas to 9 000 000 litas. In this connexion may be mentioned the foundation of a match company in 1930, „Inkaras“ in 1933, and „Guma“ in 1937.

The companies of the clothing and footwear industry quadrupled their capital during the last decade, and it now amounts to 3 200 000 litas. Also the share-capital pertaining to the timber industry doubled in round figures during the same interval, and also amounts to 3 200 000 litas.

The capital of the joint-stock companies of the remaining industrial branches is less noteworthy.

B. SPECIAL PART

1. The Foodstuffs and Luxury Goods Industry

a. The Structure of the most important Branches

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The foodstuffs and luxury goods industry forms the strongest industrial branch of Lithuania. To it in 1937 pertained 28.3% of the total number of concerns (employing 5 or more); 16.5% of the employed workers; 18.3% of the engine horsepower; 41.6% of the gross production value; and 30.6% of the net value of the total Lithuanian industrial output.

The following table illustrates the development of the most important branches during the last ten years:

	1927 m.		1931 m.			1937 m.		
Special Branches	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Mills	83	778	70	583	4 965	89	713	8 013
Sugar factories	—	—	1	361	3 537	2	1 294	6 820
Sugar wares production	40	760	42	796	686	32	623	800
Meat and canned goods production	20	362	21	620	1 212	22	1 806	3 035
Dairy-farms	4	26	27	129	·	110	438	·
Spirit distilleries	26	284	31	298	1 113	38	283	·
Beer breweries	10	350	9	333	984	11	394	·
Tobacco and cigarettes	12	734	10	733	275	9	594	350

433 On the basis of the foregoing data, we may arrive at the following conclusions with regard to the development tendency of separate special branches:

256 433 1. The milling industry showed in 1931, in comparison with 1927, a decline in the number of concerns and their staffs, but in recent years a recovery and an advance ensued. This phenomenon related, however, only to the medium and wholesale concerns appearing in our table, which employ at least five persons. Precisely in the milling industry the small concerns are in an overwhelming majority, and these show quite another development tendency. On the basis of the statistics of the trade licences, we may conclude that the total number of all milling concerns, which in 1928 amounted to 1 334, by 1932 had risen to 1 472, but since then until 1937 a reduction of 1 402 has ensued. It is obvious from the foregoing that the reduction in the number of larger milling undertakings until 1931 was due to the process of decentralization, while, on the other hand, in recent years the concentration tendency, combined with more intensive mechanization, has been in the ascendant.

257 433 [473] 2. The creation of the sugar industry followed in 1931, when with the participation of the Government the joint-stock company „Lietuvos Cukrus“ was established. The first sugar factory was then put in operation at Marijampolė, and in 1935 the opening of a second factory at Pavenčiai ensued.

3. The sugar wares and chocolate industry since 1931 has shown a decline in the number of concerns and of employed workers; but the undermentioned production figures, which reveal constant growth, prove that this phenomenon is solely attributable to centralization and mechanization.

253 473 433 4. The number of concerns of the meat industry is stationary. Its growth is, however, illustrated by the quintupling of the number of employed workers which has taken place since 1927. The joint-stock company „Maistas“, to whose capital the Government contributes 7 000 000 litas, assumes a monopoly position. It was founded in 1923, but its activity on a wider scale began in 1930. „Maistas“ owns to-day five factories, i. e. at Kaunas, Memel, Šiauliai, Panevėžys, and Tauragė. In each factory the manufacture of bacon takes first place, but sausage wares and ham are also prepared. The concerns at Kaunas and Panevėžys produce also canned goods, that at Kaunas also insu-

253 433 472 lin. Preserving cans are repaired in its own workshops. Moreover, at Kaunas a modern abattoir of „Maistas" has been built for municipal requirements. (The rôle of „Maistas" in our trade is described in the section „Share-capital in Lithuanian Trade").

234 433 5. The dairy-farms show an exemplary growth tempo. The development of Lithuanian butter production is due to the Central Union of Dairy-farming Cooperatives „Pienocentras", concerning whose activity a more detailed report is given in the subsequent section „The Rôle of the Cooperative Societies". The figures contained in the foregoing tables relate moreover only to the larger concerns; the total number of all dairy-farms of the dairy cooperatives included in the production statistics amounted in 1937 to 188.

274 433 6. The number of workers employed in the spirit distilleries remained stationary during the period 1927—1937, whereas the number of concerns rose from 26 to 38.

[464] 7. The development of beer breweries showed no material changes from 1927 to 1931. The number of employed workers since the curtailment between 1932 and 1936 for the first time in 1937 exceeded the figures for 1927.

277 423 8. The number of tobacco and cigarette factories and their staffs has decreased since 1931, which was occasioned chiefly by the decline of consumption during the time of crisis.

From the standpoint of the number of undertakings, the mills and dairy-farms constitute the two strongest groups of the foodstuffs industry. According to the number of employed workers, the meat and canned goods industry and the sugar industry head the list, although it must be borne in mind that as regards the last-named, the production campaign lasts only a few months.

b. The Development of Production

433 The total value of the gross production of the foodstuffs and luxury goods industry in 1937 amounted to 178 300 000 litas and the net production to 50 400 000.

These figures are distributed among separate branches as follows (in 1 000 litas):

Special Branches	1936 Gross Production Value	1936 Share in %	1937 Gross Production Value	1937 Share in %	1937 Value of Raw Material Fuel Consumed Domestic	1937 Value of Raw Material Fuel Consumed Foreign	1937 Net Production Value	1937 Share in %
Mills	18 949	11.4	22 593	12.7	18 431	965	4 196	8.3
Sugar Factories	14 007	8.7	14 301	8.0	8 891	625	4 785	9.5
Sugar Wares	5 860	3.6	6 388	3.6	2 108	1 371	2 909	5.8
Meat and Canned Goods	49 672	30.6	48 580	27.3	34 080*)	519	13 981	27.7
Dairy Farms	44 805	27.8	51 506	28.9	40 895	1 219	9 392	18.6
Spirit Distilleries	3 664	2.3	5 279	2.9	1 886	322	3 071	6.1
Beer Breweries	4 035	2.5	6 602	3.6	952	898	4 752	9.4
Tobacco and Cigarettes	9 239	5.7	9 717	5.5	740	4 663	4 314	8.5

On the strength of the foregoing data, we may conclude that the production values of all special branches of the foodstuffs industry, with the exception of the meat industry, rose in 1937 in comparison with the previous year. The percentage shares of separate branches have also correspondingly shifted. Whereas in 1936 the highest percentage share accrued to the gross production value of the meat industry, in 1937 it fell to dairy-farming. According to net production value, however, the meat industry in 1937 also remained in the first place because the raw material share for butter output constituted almost 80%.

The production index of the foodstuffs and luxury goods industry, calculated on the basis of production value in the previous chapter (excluding price fluctuations), when converted to the basis year 1931, affords the following figure series:

1931	1932	1934	1935	1936	1937
100.0	116.5	97.1	104.3	130.4	134.1

The foodstuffs and luxury goods industry evinces, in comparison with 1931, the smallest production growth.

The grounds of this development, differing from the other industrial branches, have already been mentioned in the previous

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*) Value of the consumed raw material has been estimated at 70% of the gross value.

433 chapter. In the following table are given the data on the production quantities of the most important branches; they fully confirm the accuracy of the development tendency expressed by the index figures.

Production Figures in Tons

	1931	1932	1933	1934	1935	1936	1937
Wheat and Rye Flour	57 465	54 963	•	48 294	50 576	53 858	48 967
Sugar	6 613	16 191	8 166	15 263	22 136	27 164	28 673
Sugar Wares	•	•	•	1 387	1 484	1 626	1 934
Bacon	19 894	26 869	21 376*)	12 675*)	8 809	10 539	10 153
Other Meat Products	9 770*)	7 660	7 642*)	9 000**)	16 485	16 933	12 858
Butter***)	8 141	10 289	9 854	10 728	13 190	15 835	16 994
Spirits (1000 litres)	3 315	3 016	3 070	2 717	2 723	2 942	5 502
Beer (1000 litres)	11 264	7 194	7 292	6 274	5 284	7 290	14 165
Tobacco (consumed raw tobacco)	983	867	763	697	665	768	769

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433 The fluctuations in flour production are naturally connected with the condition of the harvest. The falling-off in production in 1937 was caused by the serious deterioration of the harvest in 1936 in comparison with both preceding years.

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433 The youthful sugar industry which, as mentioned above, was first established in the autumn of 1931, had developed its activity to the full only by 1932, and thereby, concurrently with bacon production, brought about the rise of the index, notwithstanding the general crisis, by 16.5 points. After the fluctuations in 1933 and 1934, and in connexion with the opening of a second factory in 1935, our sugar production rose greatly in 1935 and 1936 and to-day, as is clear from the definite curtailment of imports shown in the chapter on foreign trade, fully covers the demand of the domestic market. This also explains the slackening of the further growth in 1937.

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234 The fluctuations and the recession of meat production which together with butter production belongs generally to the strongest export branches of Lithuanian economy, while the remaining branches mentioned above serve only the home market, are due to the import quotas and the preference policy of Great Britain, the most important export market for our meat products, vis-à-vis her Dominions. More detailed information 000

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*) Export quantity. In the case of bacon on an average 95% of the production is for export.

**) Estimated.

***) Production of the dairy cooperative societies.

on this subject is contained in the section on the trade turnover 000
of the „Maistas" joint-stock company.

The butter production figures specified in the foregoing 234
tables relate only to the quantities supplied by the dairy coope- 439
ratives, which are used almost exclusively for export. Nearly 433
the entire domestic demand is covered by the home production of the farmers (the so-called country butter) which it is difficult to judge by statistics. The supply of export butter shows constant growth. In 1937 it doubled in round figures in comparison with 1931, which must be ascribed to the fact that it has held its ground on the world market better than bacon.

Spirit, beer, and tobacco production greatly receded during 274
the crisis. The last two years brought about, in connexion with 277
the general economic revival, a new upward trend; while of 433
course the doubling of beer production in 1937 is to be attributed to the reduction of the price in consequence of the lowering of the excise, and that of spirit supply in part to its compulsory admixture with petrol („Motorin").

2. The Textile Industry

The textile industry is the second most important industrial 288
branch of Lithuania. It employs the largest number of workers 433
(in 1937, 20.7% of all industrial workers of Lithuania accrued to it); its share in the aggregate engine horse-power amounts to 9.3% and its share in the production value of all Lithuanian industry to over 14% (gross value, 14.9%; net value, 14.3%).

In the pre-war Lithuania, only approximately 300 workers [464]
were employed in this industrial branch. The development of textile undertakings since 1927 is shown by the following comparison:

	1927		1931			1938 (Jan)		1937 (July)
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Total	55	1 403	60	2 287	2 475	79	7 162	11 673
Including								
Flax Treatment	16	468	10	374	607	10	1 201	1 845
Linen Weaving	3	112	3	200	1 868	5	728	
Others Textile Industry	36	823	47	1 710		64	5 233	9 828

288 433 This table discloses that all branches of the textile industry have appreciably grown since 1927; that the textile industry proper (weaving and spinning) has, however, made much greater progress than flax manufacture. This is explained by the dependence of the latter upon export, whereas the other branches serve only the home market.

Already in the previous chapter it was pointed out that the output of the textile industry since 1929 has shown an unbroken advance, and of all industrial branches of Lithuania has increased the most vigorously. For the sake of comparison with the quantities data, the production index, calculated on the basis of ad valorem amounts, is once more quoted as converted to the basis year 1931:

1931	1932	1934	1935	1936	1937
100.0	108.1	168.4	178.4	264.0	311.2

248 288 433 The statistical data on the production quantities of separate special branches are as follows:

	1931	1932	1934	1935	1936	1937
Flax and Tow (in tons)	4 550	5 509	1 335	4 331	5 207	5 857
Linen Yarns (in tons)	8.5	44.6	41.6	62.8	91.9	173.8
Cotton Yarns (in tons)	344.1	249.1	391.7	337.9	433.5	973.9
Woollen and Half-Woollen Fabrics (in 1000 metres)	838.8	722	1 335.3	1 384.4	2 466.1	2 411.1
Cotton Fabrics (in 1000 metres)	5 282.4	7 200	11 537.9	12 079.2	14 531.3	15 578.8
Silk Fabrics (in 1000 metres)	61.2	100.1	538.4	771.7	1 139.8	1 240.8

248 439 In regard to the flax manufacturing industry, it is interesting to compare the foregoing production quantities of machine-manufactured flax and tow with the total quantities of our flax exports in the relevant years. These are as follows (in tons):

1931	1932	1934	1935	1936	1937
7 710	8 989	10 187	10 427	19 677	16 087

From this comparison it can be seen that the machine- 248
manufactured flax to-day constitutes only a small part of the 433
total exported quantity, i. e. that flax manufactured by the farmers forms the greatest portion. Nevertheless the industrial production shows a relatively more stable course (with the exception of 1934) than the rural supply.

The production of the textile industry proper has since 1931 288
on an average quadrupled. A much more powerful development 433
therein is shown by silk-weaving, which in 1937 produced in round figures twenty times as many silk fabrics as in 1931, owing to the fact that it forms the youngest branch of our textile industry and was founded exactly in 1931.

The growth of the textile industry was undoubtedly pro- 439
moted by the tariff policy (increase of the Customs duty on 651
cotton fabrics in October, 1931, and again in April, 1932, on woollen and cotton fabrics) as also by the licence system (the import of woollen fabrics has been subject to licence since the introduction of the licence system, i. e. since December, 1932; that of cotton and silk yarns since August, 1934). This found expression in the sharp decline in 1932 of the imports of ready-made fabrics by half in round figures of the earlier imported quantity. The textile industry undoubtedly represents, concurrently with the production of knitted goods, the Lithuanian industrial branch best protected by tariff policy, which also explains its rapid growth and the concentration of large-scale undertakings in this branch. Notwithstanding this indisputable fact, it must none the less be recognized that, on the one hand, tariff protection is not equally apportioned (thus, for example, the duties on silk fabrics actually on an average amount to approximately 200% **ad valorem**; on cotton fabrics over 60%; and on linen fabrics only 25%), and that, on the other hand, the high duties on yarns (especially on artificial silk yarn) partially equalize the advantage of the high duties on ready-made fabrics.

3. The Timber Industry

To the timber industry, which may be designated the third 313
most important industrial branch of Lithuania, accrued in 1937 433
16.9% of all the workers employed in the medium and wholesale manufacturing industry; 10.5% of the engine horse-power;

313 9.1% of the gross value, and 9.0% of the net value of the aggre-
433 gate industrial production.

The development of the timber industry since 1927 is shown by the following table:

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Total	185	3 446	193	4 308	10 676	219	5 346	13 186
Including:								
Plywood production	•	•	3	473	9 812	3	846	11 861
Sawmills	131	2 731	118	2 741		139	3 548	
Cabinet-makers	43	488	60	786	864	64	658	1 325
Other Branches	11	227	12	308		13	294	

It will be seen from the foregoing that the strongest group of the timber industry is formed by the sawmills. Its lower position until 1936 compared with the pre-war period is due to the loss of round timber formerly drawn from the Vilna region. [464] The vigorous growth of its staff ensued for the first time in 1937. In 1936 the number of workers employed in the sawmills still amounted to only 2 712, a position therefore below the level of 1931. The impetus to the expansion of this branch was given by the greatly increased prices for sawn timber in 1937. The plywood industry, which like the sawmills works for export, had in 1929 already reached the peak of employed workers (851). For the first time in 1937 could the staff be brought again to the same position. The remaining branches, among them the most important, cabinet-making, judged by the dimensions of their staffs, grew only until 1931, and remain, notwithstanding the partial retrieval of the crisis losses, still below the position of that year.

Owing to the exceedingly large share of the special branches of the timber industry working for export, the contingent course of their production has been influenced to a greater degree and more rapidly by the world economic crisis than was the case with other industrial branches. The production index already cited in the previous chapter shows that the timber industry even in 1930 had suffered a setback, and for the first time in 1934 surpassed the position of 1929. The following index figures, converted to 1931, show indeed constant growth: 3/3 433

1931	1932	1934	1935	1936	1937
100.0	105.3	148.5	163.9	183.5	208.0

The data on production quantities are as follows (in 1000 cubic metres):

	1931	1932	1934	1935	1936	1937
Sawn timber	256.5	280.6	304.2	294.7	282.8	335.7
Plywood	5.9	4.7	9.9	9.8	10.0	12.4
Match straws (in tons)	•	•	2 246	2 269	2 322	2 614

It will be seen from these figures that the development of separate production branches does not proceed uniformly. The recovery of sawn timber (this refers chiefly to the working-up of Russian round timber which since 1930 has been imported through the Memel Timber Syndicate) showed from 1932 to 1936 no great changes. For the first time the growth of production quantity in 1937 was able to exceed the position of 1931 by 30%. The plywood supply in 1937 doubled in comparison with 1931. It must, however, be noted in this context that the high position of 1929 (12 425 cubic metres), although caught up, could not be exceeded. The biggest advance is shown by the production of match straws. Its estimated amount in 1931 and 1932 was approximately 1 000 tons, and since then has increased more than two and a half times, i. e. thanks to the expanded export to the United Kingdom and the Dominions (Australia) since 1934. There are no quantity data available in respect of the remaining production branches of the timber industry. The above cited index figures reckoned on the basis of the production value and taking price changes into consideration show that on an average the scope of production of our timber industry has doubled since 1931, but that nevertheless its growth in comparison with 1929 amounts to only 75%.

4. The Paper and Polygraphic Industry.

289 433 464 From the standpoint of importance of its rôle in Lithuanian industrial economy, the paper and polygraphic industry stands in the fourth place. In 1937 there accrued to it 8.1% of all industrial workers; 18.1% of the engine horse-power; 8.4% of the gross value; and 10.8% of the net value of Lithuania's industrial production. According to net production value it ranked correspondingly before the timber industry in the third place. Its development since 1927 is illustrated by the following comparison:

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No of Workers	Capacity of Engines in H. P.
Total	52	2 115	61	2 157	8 777	76	2 559	22 602
Including:								
Cellulose and Paper	5	1 133	4	829	8 143	4	1 180	21 675
Paper and Cardboard Wares	9	284	15	365	145	18	371*)	128
Printing Offices and Book-binderies	38	698	42	903	489	54	1 100	799

Already in an earlier chapter it was pointed out that the paper industry belongs to those branches that have grown least since 1929. The index cited therein shows that the paper industry suffered the greatest setback in the crisis years (in 1932 by 32.3%) and in 1937 exceeded its position of 1929 by only 48.8%.

The explanation given in the previous section for the retrogression of timber production holds good also for the [439] paper industry. The cause of the severe recession of the production index of the paper industry in the crisis years lies in the then curtailment of cellulose export (from 60 781 tons in 1929 to 39 384 tons in 1932) and in the high percentage share of cellulose supplies in the aggregate production of the paper

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*) Figures for January, 1938, because the July figures do not reflect the complete employment position.

and polygraphic industry which, measured by gross value, in 289
1937 amounted to 42%, and in 1932, when the paper produc- 433
tion proper still hardly existed, to still more.

In a calculation converted to the basis year 1931, the production index figures for the paper and polygraphic industry are as follows:

1931	1932	1934	1935	1936	1937
100.0	80.9	122.1	124.5	149.4	177.9

The following statement shows the production quantity figures in tons ascertained for the same years:

	1931	1932	1934	1935	1936	1937
Cellulose	39 300	36 800	56 093	53 957	59 208	66 101
Paper	2 800	2 400	6 214	6 921	7 407	8 922
Cardboard	·	830	681	848	1 047	943

On the strength of these data we may conclude that the cellulose production since 1931 has risen approximately 70%, but has exceeded the position of 1929 by approximately only 10%. The rise in the total production of the paper industry by 77.9% since 1931 is due to the growth of paper production which, as a result of the erection of a paper factory at Petrašiūnai in 1933, has since then more than trebled. Thanks thereto our paper imports since 1933 have receded by two-thirds in round figures.

The index figures calculated on the basis of the value 2/4
amounts naturally reflect also the development of the remaining branches, for which no quantity data are available. This relates in the first place to the printing business, which has vigorously developed in independent Lithuania (the establishment of over 30 new printing offices in the first years of independence), the output of which, however, during the crisis years suffered a setback, which, especially in 1934 and 1935, exerted a restraining influence on the course of the index curve.

5. The Clothing and Footwear Industry.

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The clothing and footwear industry shows in recent years, among all Lithuanian industrial branches, after the textile industry, the most vigorous growth. Its production in 1937 more than quadrupled in comparison with 1929. To this industrial branch in the past year pertained 8.6% of the industrial workers; 5.3% of the gross value; and 6.9% of the net value of Lithuania's industrial output, whereas its share in the aggregate engine horse-power amounted only to 0.7%. The clothing and footwear industry has therefore the weakest degree of mechanization of all industrial branches of Lithuania.

Its structural development since 1927 is shown in the following table:

[464]

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Total	139	1 607	157	1 994	482	157	2 707	832
Including:								
Output of Woven Goods	20	328	31	669	143	42	1 158	348
Footwear Industry	53	737	43	629	185	48	782	277
Underwear and other Branches	66	542	83	696	114	67	767	207

On the basis of these data one may conclude that while the footwear industry ten years ago represented the leading branch, to-day the woven goods supply (hosiery and knitted wares) heads the list. The number of undertakings of this special branch has doubled since 1927, and the number of its staff almost quadrupled. The total number of workers employed in the production of underwear and in the tailoring and hat industry has since 1927 risen by 43%; and that of the staffs of the footwear industry during the same period only 6%. It would, however, be a mistake to draw therefrom conclusions concerning the development of the scope of production of the two groups. Footwear output, thanks to the construction of its own factories, has grown more vigorously than that of underwear.

Quantity data for the period under review are available only for leather footwear output; they give the following series (in 1000 pairs): 295 433

1931	1932	1934	1935	1936	1937
260.4	220.6	270.4	337.2	361.5	532.2

These figures show that footwear production has doubled in round figures since 1931. If, however, we take into consideration the improvement of quality and the introduction of new classes, we may estimate the growth of production at approximately two and a half times, which also the development of the value amounts cited below attests.

Since there are no quantity data available for woven goods production and underwear supply (with the exception of 1937), we must content ourselves with value amounts for the sake of comparison of the development of separate branches of the clothing and footwear industry. Expressed in the prices of 1929, on the basis of the price indices of the Lietuvos Bankas Bulletin for woven goods and of the Central Statistical Bureau for boots and shoes, the following figures (in 1000 litas) afford the relevant production data:

	1931	1932	1934	1935	1936	1937
Woven goods	7 217	7 952	11 633	13 374	17 388	20 956
Footwear	6 204	5 080	7 054	9 108	11 660	15 079
Underwear, etc.	2 742	2 529	3 507	3 764	4 271	5 404

These data show:

(a) That the woven goods output also was not checked in its advance during the crisis years and reveals the most vigorous growth, i. e. in 1937 by 190.4% in comparison with 1931;

(b) That the footwear production and the underwear output in 1932 suffered a setback, and that the production growth of the former during the period under review amounted to 143.0% and of the latter to 97.1%.

The average production index of the clothing and footwear industry (appraised according to gross values) adapted to the basis year 1931, gives the following figures:

1931	1932	1934	1935	1936	1937
100.0	96.3	137.3	162.4	206.2	256.4

295 439 [651] The development of the woven goods and footwear industry was successfully promoted by the tariff policy, i. e. especially by the Laws of October 1931 and August 1934. The woven goods production to-day entirely covers the demand of the home market, and on that account also the imports of foreign goods, which in 1928 still represented 173.3 tons, by 1937 had sunk to only 7.3 tons. The imports of leather footwear, thanks to the consolidation of native production, have also declined, although not by a long way to the same extent. In 1928, they amounted to 36.1 tons; in 1937, on the other hand, to 19.4 tons.

4. The Metal and Machinery Industry.

392 433 [464] The number of workers employed in the metal and machinery industry in 1937 amounted to 2 792 or 8.8% of all the industrial workers of Lithuania. Its share in relation to the total of the engine horse-power amounted to 3.7%; its share in relation to the gross production value to 5.2%; and in relation to the net production value to 6.4%. This industrial branch was in the pre-war Lithuania more highly developed than to-day. In 1913, in the present political territory of Lithuania approximately 4 000 workers were employed in the metal industry. The diminution of the scope of production is due to the curtailment of the outlet for export goods. Nevertheless, during the last two years one can again discern a rapid development tempo.

The comparative figures on the changes in structure since 1927 are shown as follows:

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Total	94	1 895	95	1 863	3 134	103	2 792	4 677
Including.								
Metal Industry	11	547	20	665	2 781	32	1 190	4 271
Machinery Industry and Means of Transport Production	16	528	19	722		14	1 059	
Mechanical Workshops and Sheet Metal Supply	62	772	51	422	353	46	414	406
Electro-Technical Concerns	5	48	5	34		10	109	

. On the basis of these figures we may conclude that the 392 growth of the staffs relates to the metal and machinery 433 industrial undertakings managed on a factory scale, and to the electro-technical branches, while the more hand-managed locksmith's and tinsmith's workshops slowly but steadily declined.

The nomenclature of the products of the metal and machinery industry is extremely differentiated, for which reason comparative figures for the production quantities of separate articles are wanting. The most important items consist of nails, wire, zinc-plate, agricultural implements, and various building materials. Nearly a fifth of the ascertained produc- [397] tion value of the metal and machinery industry accrues to the [396] output and repair of means of transport (railway-waggons, motor chassis, and shipbuilding), among which, however, the principal rôle devolves upon the workshops of the State Railways. Comparative quantity data for the past years are available only for wire and nails and zinc-sheets; they are as follows (in tons):

	1931	1932	1934	1935	1936	1937
Wire & Nails	4 694	4 421	3 411	3 719	4 324	5 156
Zinc - sheets	•	•	409	495	672	558

The production index of the metal and machinery industry, ascertained on the basis of the ad valorem data and related to the basis year 1931, shows the following course:

1931	1932	1934	1935	1936	1937
100.0	90.8	95.3	100.2	151.9	162.7

The far more favourable development tendency of the index of total production of the metal and machinery industry than that of wire and nail production, alike in the crisis years and also in relation to the figures for 1937, points to the creation of new branches of production; for example, enamel and aluminium ware has been to a greater extent produced since 1934, &c.

7. The Chemical Industry.

381 To the chemical industry in 1937 accrued 4.3% of the 433 industrial workers; 2.3% of the engine horse-power; 4.9% of the gross value; and 6.3% of the net value of Lithuania's industrial production. In pre-war Lithuania there were only two match factories and one fertilizer factory; other branches were almost non-existent. In independent Lithuania many new undertakings are springing up. The development of separate branches proceeds, however, unequally, as we can gather from the following data:

[414]

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Total	49	885	48	724	1 244	48	1 344	2 848
Including:								
Match Production	5	326	2	158	213	1	52	140
Soap Production	15	174	15	189	118	12	158	362
Rubber Goods	—	—	—	—		1	620	
Fertilizer Factories	2	109	1	130	913	1	141	2 346
Colours, Turpentine and Technical Fats	7	69	10	66		14	151	
Pharmaceutical and Cosmetic Production	4	30	6	47		9	98	

464 The sharpest decline in the number of undertakings and 381 workers is shown by the match industry. The curtailment in 1931 to two concerns with 158 workers against five undertakings with 326 workers in 1927 may be ascribed to the [655] creation in 1930 of the State Match Monopoly and the transfer [473] of the same to the „Lietuvos degtukų akcinė bendrovė“ (Lithuanian Joint-stock Match Company) founded with Swedish capital. The still lower position in 1937 was occasioned by the decrease in consumption, which in the analysis of production 388 will be more closely discussed. The staffs of the soap factories 387 show a slight reduction. The number of the workers employed 464 in the Memel Fertilizer Factory has since 1931 only slightly increased.

increased. Against this, the number of concerns and of workers 278
in the colours and technical fats industry since 1927 has 303 464
doubled and in the production of pharmaceutical and cosmetic
goods trebled. The establishment of a rubber goods factory 383
in 1933 had, however, decisive importance, and to this nearly 464
half of the workers employed in the chemical industry pertained.
The second rubber goods factory, established at the end
of 1937, was not yet working in the period under review.

The following quantity figures show the development of 381
production of separate branches of the chemical industry for 433
the period 1931—1937:

	1931	1932	1934	1935	1936	1937
Matches (in million boxes)	45.8	43.3	39.4	41.1	8.7	14.3
Washing soap and powder (in tons)	3 441	2 226	2 072	2 303	2 595	2 794
Toilet soap (in tons)	•	154	200	200	234	230
Rubber boots (in 1000 pairs)	—	—	772	313	786	986
Superphosphates (in tons)	43 400	37 000	47 100	31 605	18 713	42 972

As has already been explained above, the cutting down of match production has been caused by the decline in consumption during the crisis years. The statistics of sale of matches prove this in a clearer manner. There have been sold (in million boxes):

1931	1932	1933	1934	1935	1936	1937
45.9	42.4	39.4	33.8	26.9	26.9	27.1

The output of washing-soap, which shrank appreciably 493
during the crisis years, has not yet regained the pre-crisis [388]
position in spite of recovery during the last three years. The
production of toilet-soap shows a better course. The produc- [387]
tion of artificial fertilizers proceeds irregularly, and its progress
does not coincide with the contingent economic development.
A sharply upward tendency is seen in the production [383]
of the youthful rubber industry. The recession in 1935 was
evoked by technical difficulties of the inception period.

In order to be able to form a general idea of the production 381
development of the chemical industry, we must utilize the value 433

381 433 amounts. The production index of the chemical industry, calculated in this manner and already cited in the previous chapter, shows, converted to the standard of the basis year 1931, the following course:

1931	1932	1934	1935	1936	1937
100.0	93.6	146.2	131.0	146.3	171.0

The recession in 1932 was induced chiefly by the decline of soap and fertilizer production. The jump in 1934 was prompted by the foundation of the rubber goods factory in the preceding year. The setback in 1935 was caused by the repeated shrinkage of fertilizer production and the transitory stagnation of rubber goods production.

8. The Leather and Hide Industry.

282 433 464 In the leather and hide industry in 1937, 1 096 workers or 3.5% of the total number of industrial workers were employed. Its percentage share in the volume of engine horse-power amounted to 1.8%; the share in gross production value 4.3%; and in net value of the industrial production of Lithuania, 2.2%. The lower net value rate is due to the high raw material share.

In pre-war Lithuania the leather industry employed nearly 1 500 workers. The present position is therefore, notwithstanding the growth during recent years, still below the pre-war level. On the other hand, more collateral branches are springing up which did not formerly exist, such as fur manufacture, leather ware production, and the bristle industry. Structural variations since 1927 are illustrated in the following comparison:

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No of Workers	Capacity of Engines in H. P.
Total	40	657	36	693	2 617	51	1 096	2 313
Including: Leather Output	26	538	22	555	•	22	751	•
Leather Ware Production	1	6	5	29	•	11	78	•
Fur Manufacture	1	5	—	—	—	4	107	•
Bristle Industry	4	43	6	53	•	9	112	•

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The leather industry is the sole industrial branch of Lithuania in which mechanization not only has made no progress but the capacity of whose engine horse-power has even declined. The foregoing table likewise shows that the number of undertakings in leather production since 1927 has decreased and since 1931 has remained stationary. Its staffs have, however, increased by 40%. The remaining branches reveal a rapid development tempo, especially fur manufacture.

Comparative production figures, i. e. both quantity and value data, are available only in a more restricted sense for the leather industry. Since, however, more than 80% of the total production value of this industrial branch accrues to it, the somewhat more animated development of newly-created collateral branches cannot substantially influence the general contingent outlook.

The quantity data on the recovery of the most important kinds of leather since 1931 are collated in the following table:

	1931	1932	1934	1935	1936	1937
Sole Leather (in tons)	998	703	1 154	957	1 125	1 366
Chrome leather (in 1000 square feet)	2 149	3 093	2 476	3 443	3 907	4 454
Russia Leather (in tons)	290	264	159	166	319	339
Inner sole Leather (in tons)	225	186	128	217	226	224

The average production index of the leather industry, calculated with regard to the remaining less important kinds of leather, and appraised in accordance with the gross value coefficient, gives the following figures (basis year 1931):

1931	1932	1934	1935	1936	1937
100.0	80.5	91.6	104.9	141.3	193.3

Sole leather and chrome leather play the most representative rôle, their coefficients on an average constituting 80% of the total value amount of leather production. The somewhat divergent course of the production curve of both these leading

282 433 classes from 1931 to 1935 has partially been reciprocally compensated, which is also expressed in the index figures. The doubling of the scope of production in recent years has also led to a considerable decline of leather imports (in 1933, 59 tons, in 1937, 18 tons), in which connexion a prominent rôle has also been played by tariff policy and import licensing.

9. Electricity Works.

377 433 424 In connexion with the constantly progressing mechanization of industrial concerns, whereby, as was shown in the General Part, the use particularly of electric engines has intensively increased (by 149.4% since 1931), the supply of electric energy, together with the textile industry, is the sole industrial branch of Lithuania whose production ascent since 1929 has suffered no recession even in the crisis years. In 1937, there pertained to these branches (in which also gas supply - Memel - managed by the municipalities, and the exploitation of waterworks are included) 1.6% of the industrial workers; 30.8% of the engine horse-power; 4.0% of the gross production value; and 9.1% of the net value of Lithuanian industrial production. The far higher net value rate is affected by the share of raw material deductions.

The structural development of this branch since 1927 is shown by the following comparative figures:

1927		1931		
No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H.P.
29	648	30	480	22 799

1937		
No. of Concerns	No. of Workers	Capacity of Engines in H.P.
32	523	38 511

377 433 The data of the production statistics on the energy sold in million kilowatt - hours show the following development of our electric current supply since 1931:

	1931	1932	1934	1935	1936	1937	377
In Millions of kWh	18.7	18.8	22.3	25.7	28.4	35.6	433
In 1 000 Litas	12 500	11 880	11 310	12 068	12 851	15 172	

The following indices are calculated on the basis of the foregoing data:

	1931	1932	1934	1935	1936	1937
Production Index	100.0	100.5	119.3	137.4	151.9	190.4
Price Index	100.0	94.0	76.1	70.1	67.2	64.2

If we compare the course of this price index with the [435] price-index of industrial raw material and produce of the Lietuvos Bankas Bulletin (vide the chapter on „Home Trade"), we must recognize that the prices of current in 1932 were maintained disproportionately high; that in 1937, on the other hand, the average price in comparison with the previous year, contrary to the general price tendency, abated only negligibly. In the interest, indeed, of mechanization of the industry, a further price reduction would be desirable.

10. The Stone and Earth Industry.

A relatively higher percentage share of the employed 324
industrial workers is apportioned to the stone and earth 464
industry, the most important branches of which consist of brick 453
and glass production. This in 1937 amounted to 2 827 or 9.0%, in which context, however, one must bear in mind that these figures relate only to the summer months, because in winter the brick-kilns are not working. The share in respect of the aggregate engine horse-power was far lower, viz., 3.1%, and the share in respect of the gross production value 2.0% and net 3.7%, which signifies a marked improvement.

This industrial branch in the pre-war Lithuania employed approximately 700 workers. It developed vigorously in independent Lithuania and has during the past decade more than doubled both the number of the staff and the scope of production.

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433
[464]

The structural development since 1927 will be clear from the following table:

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P
Total	94	1 357	104	2 160	2 206	99	2 827	3 826
Brick Production	69	970	74	1 708	2 139	73	2 082	2 924
Glass Production	6	2 077	5	248	67	5	349	902
Other Branches	19	180	25	209		11	396	

It must moreover be observed that during the years 1932—1936 the number of workers suffered a severe recession, and that the position of 1931 was for the first time in 1937 overtaken and surpassed.

The production statistics show the following quantity data:

	1931	1932	1934	1935	1936	1937
Brick production (in Millions)	54.4	45.3	42.6	42.2	47.7	60.7
Bottles (in 1 000)	·	2 760	3 780	3 883	4 776	6 762

It is clear from the foregoing that brick output was severely restricted by the crisis and that the upward trend of 1937 exceeds the position of 1931 by only 12%. A far more favourable development is shown by bottle production, which in 1937 was two and a half times as large as in 1932.

The production index of the stone and earth industry, which expresses the average development tendency of separate branches, proceeded as follows (converted to the basis year 1931):

1931	1932	1934	1935	1936	1937
100.0	92.3	105.2	101.5	124.4	153.8

On the strength of these figures, we may conclude that, on the striking of a balance of production of the total industrial branches, the losses of brick production through the advance of the glass industry were already in 1934 more than compensated. Also the final figures, which signify a growth of 53.8% since 1931, are for the most part to be credited to the account of the glass industry.

11. Peat-cutting.

Peat-cutting forms the weakest industrial branch of 382
Lithuania. In 1937 it employed 2.0% of the industrial workers 433
and disposed of over 1.4% of the engine horse-power. Its pro- [464]
duction value amounted to only 0.3% of the gross value and 0.7% of the net value of the total industrial production. Its development during the last decade is illustrated by the following statistical data:

1927		1931		
No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H.P.
7	603	4	490	612

1937		
No. of Concerns	No. of Workers	Capacity of Engines in H.P.
11	629	1 681

Production.

	1931	1932	1934	1935	1936	1937
In tons	22 799	25 285	24 111	32 614	49 059	57 200
Index:	100.0	111.3	105.7	143.0	215.2	250.9

We see from these figures that the growth of production since 1931 by 150.9% was caused chiefly by the mechanization of cutting, because the number of workers in that time has risen by only 28.4%.

In view of the fact that Lithuania must derive coal from abroad, and that the resources of the peat strata are estimated at 230 000 000 tons, peat-cutting is assured a further advance, the more so that the use of this fuel has been adopted already in more industrial concerns (the sugar factories, for example).

A. FOREIGN TRADE

1. Politico-Commercial Review.

651 The general tariff regulations are embodied in the Customs Law of July 19, 1924 (Government Gazette No. 164/1, No. 1153), and the Customs duties in the Customs Tariff of April 3, 1925 (Government Gazette 187/1269); the latter especially has been supplemented and amended by numerous later laws.

[648] On the basis of the decision of the Conference of Ministers for Foreign Affairs of the three Baltic States to accept the draft of a uniform Customs Tariff elaborated and recommended by a League of Nations Commission, for the purpose of unifying the Customs nomenclature in Lithuania, Latvia, and Estonia, a new Customs Tariff will shortly also be introduced in Lithuania. The preliminary work is already in progress, and a new Lithuanian Customs Tariff will at latest at the beginning of 1940 come into force.

The Lithuanian Customs Tariff recognizes only specific rates, i. e. the duty is levied on the weight of the goods; only for leather footwear and dressed furs is a limited minimum ad valorem duty provided.

Besides the ordinary Customs Tariff, there are also extraordinary Customs rates, which are increased by 200% and are applied to goods from countries with which Lithuania has no commercial treaties.

With the exception of a few articles (untempered iron, round timber, raw wool, raw cotton, artificial fertilizers, agricultural machinery) all goods are subject to duty.

The Customs returns form an important source of State finance, and their share in the total revenues of the Treasury

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651 amounts on an average to 18—19%, whereas all direct taxes, which are paid by commercial undertakings, i. e. the Patent and Profit Taxes altogether attain scarcely more than 2% of the State revenue.

Through this connexion is explained also the finance-customs character of the levies of the Lithuanian Tariff. The majority of the numerous increases of duties, which during the crisis years, chiefly 1931—1934, were enforced, pursued manifestly the object of making good the falling-off in Customs receipts caused by the decrease in imports. Whereas in 1928 the Customs yield represented 20% of the value of the total imports, in recent years it has reached nearly 32%, which was occasioned alike by the decline of prices (under duties on weight the real value of the duty rises when the price of the goods declines) and the raising of the levies.

Among the more important tariff increases with a protectionist tendency during the last ten years should be mentioned:

(a) Increase of duties on leather footwear, cotton fabrics, and knitted goods - the last-named almost doubled - on October 14, 1931 (Government Gazette 365/2487);

(b) Increase of duties on wool and cotton fabrics, on April 11, 1932 (Government Gazette, 385/2654);

(c) Increase of duties on rubber footwear and paper, on May 29, 1933 (Government Gazette, 414/2863);

(d) Increase of duties on paper and knitted goods, on August 14, 1934 (Government Gazette, 453/3160).

The above-mentioned tariff increases pursued chiefly the aim of affording protection to the young home industrial branches of textiles, paper, and rubber wares, which, as is shown further on, has manifested itself in the reduction of the imports of the corresponding articles.

In connexion with the present-day economic upward trend, which has set in especially since 1936 in Lithuania, a tendency to alleviate many rigours of the Customs burden has latterly become noteworthy. To this sphere belong the two following Customs measures:

(a) The lessening, introduced in the interests of the motorization of the country, of the Customs duties on motor-cars, parts and tyres thereof, and duty-free admission of chassis, as from January 28, 1937 (Government Gazette, 566/3926);

(b) Introduction of reduced seasonal duties on tropical 651
fruits for the period from January 1 to June 1, on November 30, 1937 (Government Gazette, 592/4130).

Concurrently with the import duties, on many goods that 439
are subject to export control, in case they are exported not in 651
the prescribed packing or do not conform to the contemplated standard of quality, the export duties are raised and their export is not permitted respectively. The sole object of these measures is to support the fulfilment of standardization and to improve the quality of our export goods. Subject to export control are: Butter, eggs, meat, seeds, potatoes, apples, flax, linseed, casings, bristles, and crayfish.

At the end of 1932, Lithuania was also obliged, in the 656
wake of the import restrictions imposed by other countries, to 439
place her imports under State control. This was effected through the Law of December 22, 1932 (Government Gazette, 401/2751) on the introduction of a licence system, first of all only for the import of 11 articles, i. e. sugar, salt, phosphates, iron, steel, tin, coal, cement, cotton threads and yarn, paper, cardboard, and woollen fabrics. This list of goods subject to licence was appreciably extended by later laws, chiefly by the Law of August 4, 1934 (Government Gazette, 453/3161), whereby the number of articles was increased to 46 and among them knitted goods and cotton fabrics were included; by the Law of February 6, 1935 (Government Gazette, 468/3282), and by the Law of February 15, 1936 (Government Gazette, 523/3631), so that to-day of the 216 articles of the Customs Tariff 134, but actually approximately 85% of the effective imports are subject to licence.

The introduction of the licence system in Lithuania had 457
in view not by any means the stifling of import; it resulted rather only from regard to the structure of the trade-balance. Before the last economic crisis, i. e. at the time when world trade was still not subject to any import and currency restrictions, the question of trade-balances with individual countries played no great rôle because it was easily possible by means of an export surplus achieved with certain countries to equalize an import surplus recorded in trade with others. Ever since, however, foreign trade began to develop chiefly along compensation and accounting lines, the transference of balances has encountered difficulties. Thus in 1932, viz., the last year

457 before the introduction of the licence system in Lithuania, we had only two active and fourteen passive trade-balances with sixteen countries to which accrued approximately 85% of our foreign trade turnover. Thanks to the licence system, already in 1937 eight balances became active. This therefore shows us that the licence system successfully fulfils its purpose. The statistical data in regard thereto are later cited.

Later than elsewhere, for the first time at the end of 1935, likewise with a view to adaptation to the restrictions in force in most neighbouring countries, exchange control was introduced in Lithuania. The Regulations concerning this matter are contained in the Law on Transactions in Foreign Currency of October 1, 1935 (Government Gazette, 501/3480) and in the Decree regarding operations with foreign currency of November 14, 1935 (Government Gazette, 509/3537).

In connexion with exchange control, Lithuania has concluded special clearing agreements with several countries where currency business is also State controlled. Through the Lietuvos Bankas (Bank of Lithuania) accounting accounts are conducted to-day with Germany, Finland, Greece, Italy, Latvia, and Hungary.

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439 With all the more important trade clients Lithuania has concluded politico-commercial agreements. The following list comprises a comparison of all the ratified and at present valid commercial agreements of Lithuania with 21 States:

List of the existing Valid Commercial Agreements of Lithuania with other Countries.

1. **Belgium - Luxemburg:**

(a) Provisional Commercial Agreement of August 16, 1928 (Government Gazette, 289/1897).

(b) Arrangement on the application of the foreign Commercial Agreement also to the Belgian Congo and the Belgian mandated territory of Ruanda-Urundi, of February 10, 1936, ratified on February 29, 1936 (Government Gazette, 524/3636).

2. **Brazil:**

Provisional Commercial Agreement of September 28, 1937 (Government Gazette, 599/4198).

3. Denmark and Iceland:

(a) Commercial and Navigation Treaty with Denmark of March 21, 1930, ratified on March 14, 1931 (Gevornment Gazette, 352/2405).

(b) Commercial and Navigation Treaty with Iceland, of March 21, 1930, ratified on March 14, 1931 (Government Gazette, 352/2406).

4. Germany:

(a) Commercial and Navigation Treaty of October 30, 1928, ratified on February 12, 1929 (Government Gazette, 295/1951).

(b) Goods Agreement of August 5, 1936.

(c) Accounting Agreement of August 5, 1936 (both published in Government Gazette, 552/3839).

(d) Agreement on small frontier communication of August 5, 1936 (Government Gazette, 552/3840); all three Agreements ratified on August 21, 1936.

(e) Arrangement on the extension of the duration of validity of the Economic Agreement of August 5, 1936, signed on June 19, 1937, ratified on August 2, 1937 (Government Gazette, 584/4061).

(f) Arrangement on the extension of the duration of validity of the Economic Agreement of August 5, 1936, signed on June 25, 1938, ratified on July 30, 1938 (Government Gazette, 617/4366).

5. Estonia:

Commercial Agreement of January 13, 1934, ratified on April 22, 1934 (Government Gazette, 443/3101).

6. Finland:

(a) Provisional Commercial Agreement of October 6, 1928, in force since October 15, 1928 (Government Gazette, 289/1898).

(b) Agreement on the extension of the most-favoured-nation treatment of June 21, 1932, in force since October 1, 1932 (Government Gazette, 398/2731).

(c) Clearing Agreement of April 12, 1938, ratified on May 31, 1938 (Government Gazette, 611/4303).

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7. **France:**

(a) Modus Vivendi of July 18, 1928, in force since August 15, 1928 (Government Gazette, 283/1810).

(b) Appended Agreement to Modus Vivendi of April 9, 1932, ratified on June 28, 1932 (Government Gazette, 387/2661).

(c) Extension of Modus Vivendi to the French colonies and protectorates, of September 21, 1935 (Government Gazette, 511/3543).

8. **Great Britain:**

(a) Commercial Agreement of May 6, 1922, in force since May 6, 1922, together with Exchange of Notes on its application to the British colonies and protectorates, of April 24 and September 29, 1923, in force since September 29, 1923, ratified on March 24, 1926 (Government Gazette, 231/1497).

(b) Exchange of Notes on the application of the above Commercial Agreement to Canada, of July 17 and August 31, 1928, in force since September 15, 1928 (Government Gazette, 283/1811).

(c) Exchange of Notes on the application of the foregoing Commercial Agreement to India, Ireland, South Africa, Australia, New Zealand, and Tasmania, of December 11 and 12, 1928, („Lietuvos sutartys su svetimomis valstybėmis“ — Treaties of Lithuania with foreign States) — International Treaties, No. 95).

(d) Commercial Treaty of June 6, 1934, ratified on July 17, 1934 (Government Gazette, 454/3162).

(e) Exchange of Notes of February 6, 1935, on the rectification of the Customs duties on oranges in the Commercial Treaty of June 6, 1934 (Government Gazette, 482/3372).

9. **Holland:**

Commercial Agreement of June 10, 1924, ratified on March 24, 1926 (Government Gazette, 231/1503).

10. **Italy:**

Commercial Agreement of September 17, 1927, ratified on January 17, 1928 (Government Gazette, 270/1746).

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11. **Japan:**

Commercial and Navigation Treaty of May 2, 1930, ratified on June 9, 1931 (Government Gazette, 371/2537).

12. **Latvia:**

(a) Commercial Treaty of April 10, 1935, ratified on April 13, 1935 (Government Gazette, 481/3367).

(b) Clearing Agreement of April 10, 1935, ratified on April 13, 1935 (Government Gazette, 481/3368).

(c) Appended Arrangement to the Clearing Agreement of November 30, 1936, ratified on December 14, 1936 (Government Gazette, 562/3898).

13. **Norway:**

Commercial and Navigation Treaty of December 21, 1923, ratified on July 31, 1924 (Government Gazette, 172/1195).

14. **Portugal:**

Commercial Agreement of April 12, 1932, ratified on May 11, 1932 (Government Gazette, 384/2648).

15. **Rumania:**

Commercial Agreement of March 28, 1931, ratified on June 9, 1931 (Government Gazette, 362/2473).

16. **Sweden:**

(a) Commercial Agreement of February 17, 1924, ratified on March 24, 1926 (Government Gazette, 231/1505).

(b) Arrangement on Certificates of Origin, of July 1, 1937, in force since August 1, 1937 (Government Gazette, 587/4093).

17. **Switzerland and Lichtenstein:**

(a) Provisional Commercial Agreement of October 28, 1922 and

(b) Exchange of Notes on its application to Lichtenstein, of March 15, 1925, ratified on March 24, 1926 (Government Gazette, 231/1506).

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18. **Czecho-Slovakia:**

Commercial Agreement of April 27, 1923, ratified on October 26, 1923 (Government Gazette, 144/1030).

19. **Hungary:**

(a) Commercial and Navigation Treaty of May 16, 1929, ratified on November 12, 1929 (Government Gazette, 314/2118).

(b) Accounting Agreement of November 12, 1937, ratified on December 30, 1937 (Government Gazette, 597/4170).

20. **U. S. S. R.:**

(a) Arrangement on the reciprocal granting of most-favoured-nation treatment, of September 24, 1928 (Government Gazette, 285/1848).

(b) Protocol and Exchange of Notes on the legal status of commercial representatives of the U. S. S. R. in Lithuania and on the reciprocal transit communication of August 29, 1931, ratified on September 20, 1931 (Government Gazette, 306/2499).

21. **United States of America:**

Commercial Agreement of December 23, 1925, ratified on March 24, 1926, in force since July 10, 1926 (Government Gazette, 231/1496).

Trade negotiations are at present proceeding with several other nations, including Turkey, the Argentine, and latterly with Poland.

As regards the contents of the above enumerated agreements, it should be noted that they all without exception contain the most-favoured-nation clause. Nevertheless the most-favoured-nation treatment which, on the part of Lithuania, is assured to the other countries, does not extend to the concessions which Lithuania grants to both the other Baltic States, i. e. Latvia and Estonia.

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Reduced treaty Customs duties have been arranged only with Latvia, Estonia, France, and Great Britain.

The overwhelming majority of the commercial agreements quoted in the above list were concluded during the last ten years. An impetus to accelerated conclusion of commercial agreements with Lithuania was imparted by the introduction of the Extraordinary Tariff through the Law of September 24, 1928 (Government Gazette, 284/1828), whereby goods from non-treaty countries are subject to a double duty on import into Lithuania. Through the later Law of December 22, 1931, (Government Gazette, 372/2544) this Tariff was raised to 300% of the ordinary Customs levies. In connexion therewith an important rôle in the imposition of import duties is played by certificates-of-origin, which must prove that the goods proceed from a country to which the increased duties are not applied. Certificates-of-origin are recognized as legally correct if they are drawn up by the Lithuanian diplomatic and consular representatives abroad or by the chambers of commerce, chambers of agriculture and custom-houses of the country of origin. With Estonia, Italy, Latvia, Sweden and the U. S. S. R. special arrangements on this subject have been effected as the result of which certificates-of-origin drafted by other public bodies are recognized as valid. In lieu of certificates-of-origin, other documents (invoices, bills-of-lading, &c.) may also be submitted, which, however, must be legalized by the Lithuanian representation abroad. Legalization is also required for all certificates-origin which are drawn up in respect of goods intended for re-export, originating from third countries, with the exception of Germany, where certification may be effected through chambers of commerce and agriculture or through a custom-house.

For mail parcels no certificates-of-origin are demanded, if the article is sent direct from the country of origin.

Besides the above enumerated commercial agreements, Lithuania has concluded special compensation arrangements with various countries, including Belgium, Denmark, Germany, Great Britain, Holland, Switzerland, and the U. S. S. R. These are renewed annually, and the scope of reciprocal goods traffic and the import quotas respectively determined.

In the goods agreement with Germany the creation of an arrangement unknown in erstwhile politico-commercial practice, i. e. a mixed economic commission, has been provided for, which is to superintend the development of goods traffic at periodical conferences. This new arrangement appears to have justified itself.

2. General Trade Balance.

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A summarized statement of the development of Lithuania's foreign trade during the last ten years is afforded by the following table:

Lithuania's Foreign Trade from 1928—1937, in Million Litas.

Year	Turnover	Exports	Imports	Balance
1928	548.0	256.9	291.1	—34.2
1929	636.3	329.8	306.4	+23.4
1930	646.2	333.7	312.4	+21.3
1931	551.0	273.1	277.9	— 4.8
1932	356.0	189.1	166.9	+22.2
1933	302.4	160.2	142.2	+18.0
1934	285.9	147.2	138.7	+ 8.5
1935	280.9	152.3	128.6	+23.7
1936	346.5	190.5	156.0	+34.5
1937	420.9	208.3	212.6	— 4.3

We see from these figures that the value peak level of Lithuania's foreign trade turnover, i. e. for both export and import, was reached in 1930. The following years brought a recession, which lasted, as to exports, until 1934, and as to imports, until 1935. During the last two years fresh activity has set in, whereby imports have risen somewhat more rapidly than exports.

With the exception of 1928, 1931, and 1937, the trade balance was active. The total balance for all ten years together is likewise active and amounts to 108 300 000 litas. The passive balance of 1937 is due to the fact that in consequence of the intensive swing of Lithuanian economy and the stimulation arising therefrom of the demand of the home market, our imports of both raw materials for industry and of ready-made goods for consumption, have grown more rapidly than exports.

The above-mentioned ad valorem recession of the Lithuanian foreign trade turnover from 1931—1935 probably derives from the general crisis of world trade, but it displays a far more favourable development than the latter. The recession of Lithuania's foreign trade first set in in 1931, and was nothing like so severe as that of world trade. This is clearly shown by the following comparison of the relevant figures (world trade figures according to the data of the League of Nations „Bulletin mensuel de statistique"):

The Ad Valorem Development of World Trade and of Lithuania's Foreign Trade in Indices (1929=100).

	1930	1931	1932	1933	1934	1935	1936	1937
World (gold value)	81.0	57.9	39.1	35.2	33.9	34.7	37.4	46.2
Lithuanian (in Litas)	101.5	86.6	55.9	47.5	44.9	44.1	54.4	66.1

We see from the above that in 1937 world trade ad valorem was less than half the level of 1929, whereas the recession of Lithuania's foreign trade amounted to only one-third. The difference in the incidence of the nethermost level (World, 1934; Lithuania, 1935) was not due to contingent but politico-commercial causes, viz., the conflict with Germany.

A still more favourable picture of the development of Lithuania's foreign trade is given by an examination of the volume of trade. The severe ad valorem recession of world trade has notoriously been occasioned not so much by the shrinkage of the quantities as, in the first place, by the decline of prices. The index of trade prices in gold, also calculated by the Statistical Section of the League of Nations, shows the following figures:

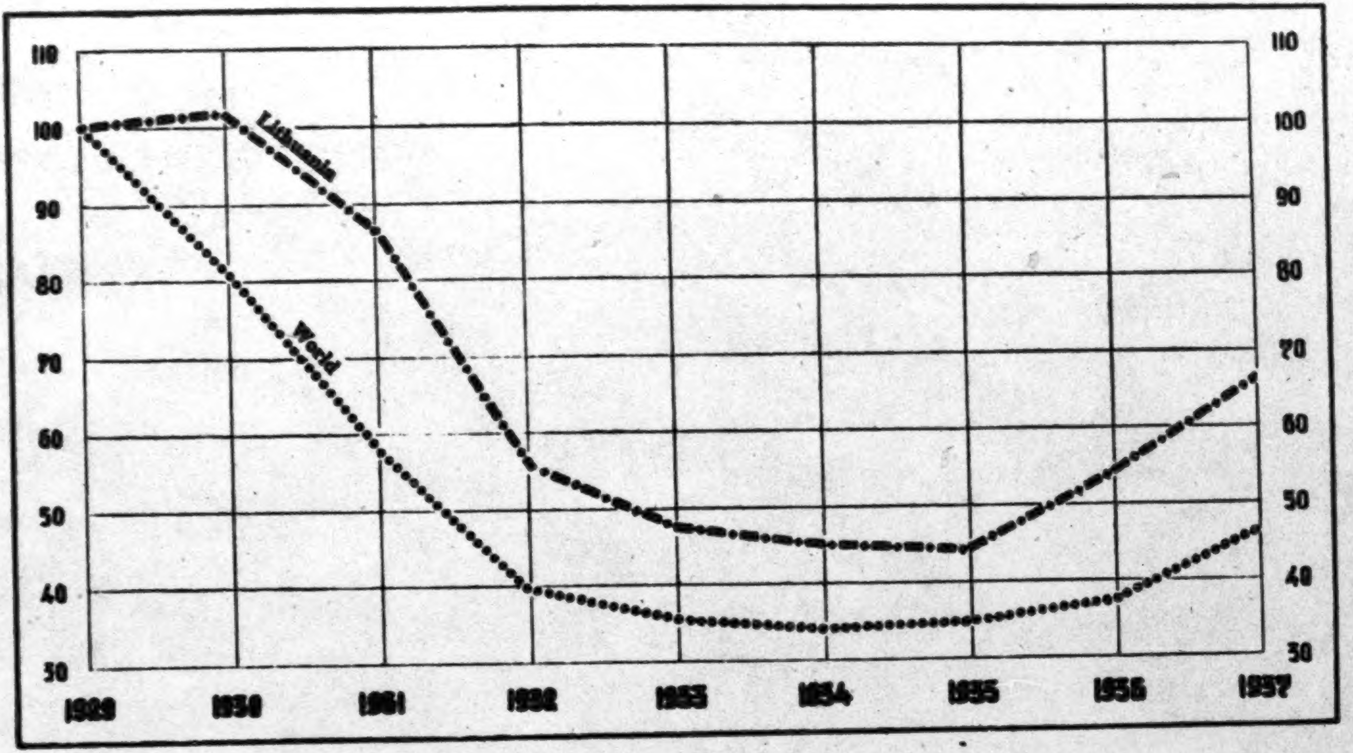
1930	1931	1932	1933	1934	1935	1936	1937
87.0	67.5	52.5	46.5	43.5	42.5	43.5	47.5

Taking the foregoing price indices as a basis, we can easily calculate that, expressed in the prices of 1929, Lithuania's foreign trade turnover would demonstrate the following sums (in million litas):

1930	1931	1932	1933	1934	1935	1936	1937
742.8	816.3	678.1	650.3	657.2	660.9	796.5	886.1

We have purposely used for this conversion the gold price-index of the League of Nations and not the Lithuanian price-

Diagram No. 3. **The ad valorem Development of World Trade and of Lithuania's Foreign Trade in Indices (1929=100).**



index, because the latter is calculated on the basis of the retail prices of the home market, and for foreign trade the world market prices are authoritative.

On the basis of the foregoing figures we can now deduce a comparison between the quantitative movement of world trade and that of Lithuania's foreign trade (the figures for the volume of world trade are taken from the League of Nations statistics):

The Development of the Volume of World Trade and of Lithuania's Foreign Trade in Indices (1929=100).

	1930	1931	1932	1933	1934	1935	1936	1937
World	93.0	85.5	74.5	75.5	78.0	82.0	85.9	97.5
Lithuania	116.7	128.3	106.6	102.2	103.3	103.9	125.2	139.3

These index figures show us that the development of the quantitative scope of Lithuania's foreign trade from 1932—1935 was, of course, checked in its growth by the influence of the world trade crisis, but that, nevertheless, the scope of Lithuania's foreign trade, even at its nadir in 1933, remained above the position of 1929, and during the entire crisis did not once fall below it. Whereas the volume of world trade even in 1937 could not yet again attain the position of the earlier high trend, Lithuanian foreign trade had already exceeded it by nearly 40%.

In the operation of the development, indicated above, of Lithuania's foreign trade, Lithuania's share in world trade during the last decade has also grown appreciably, i. e. by 75%. This is shown by the following table:

Lithuania's Share in World Trade from 1928—1937 (in Percentages).

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
In World Trade Turnover	0.08	0.09	0.12	0.14	0.14	0.13	0.12	0.12	0.14	0.14
In World Export	0.08	0.10	0.13	0.15	0.15	0.14	0.13	0.14	0.16	0.14

In World Import

0.08	0.09	0.11	0.13	0.12	0.11	0.12	0.10	0.12	0.14

Lithuania's share in world export of several separate goods shows, moreover, a considerably higher percentage than the above-quoted figures, and a still greater increase during recent years.

Lithuania's Share in World Export of Several Goods (In Percentages)

	1929	1930	1931	1932	1933	1934	1935	1936	1937
Flax	2.84	3.23	2.91	3.30	2.61	3.64	3.42	5.69	4.66
Live Pigs	3.35	5.23	4.07	1.82	1.41	3.28	6.24	5.53	6.60
Bacon	0.07	0.86	3.18	4.35	4.48	3.22	2.40	2.93	2.63
Butter	0.79	1.38	1.52	1.82	1.67	1.62	1.98	2.35	2.50

All these figures attest in a convincing manner the success of our foreign trade.

3. The Structure of Export and Import.

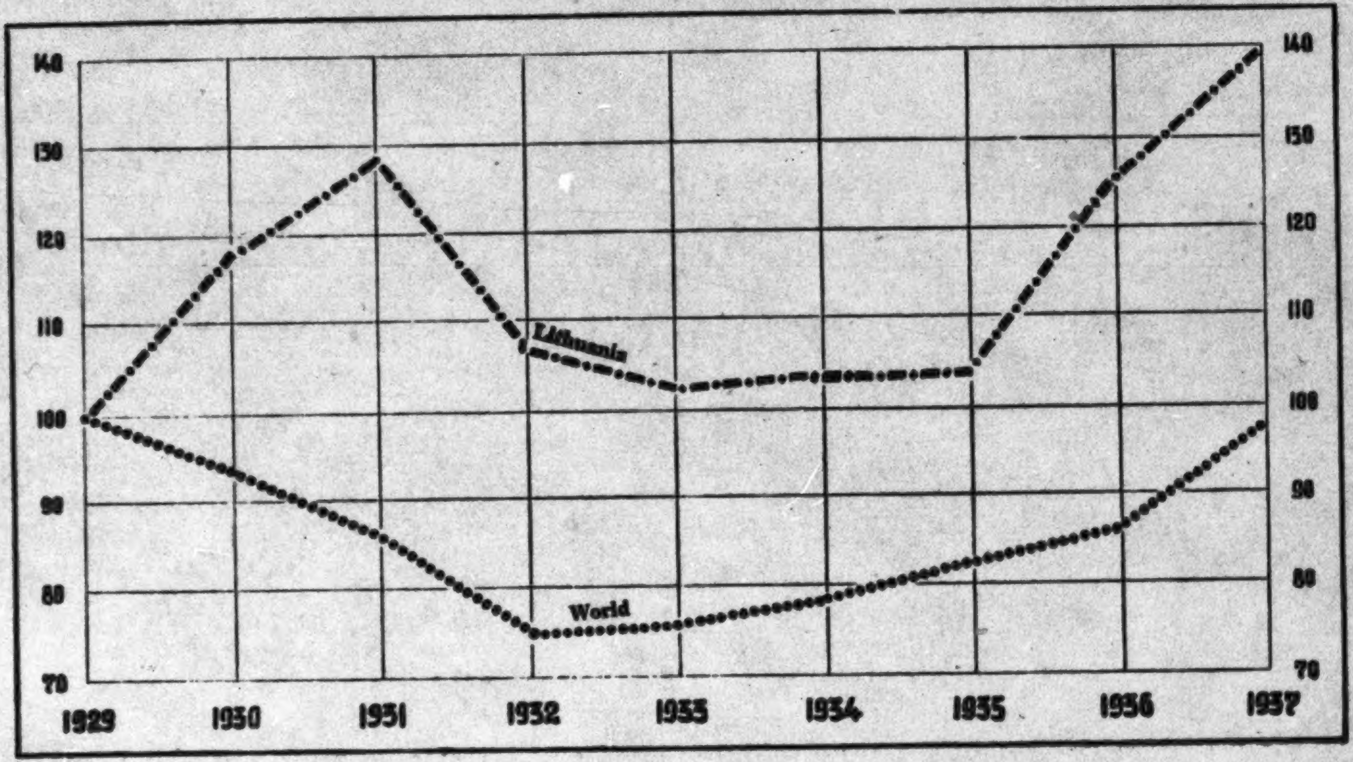
The inner structure of Lithuanian export and import during the last ten years, i. e. its division according to commodity groups, is evident from the following two tables.

I. Lithuanian Export from 1928—1937 according to Commodity Groups.

Year	Live Animals		Comestibles		Raw Materials & Semi-Manufactures		Ready-made Goods	
	Mil. Lt.	%	Mil. Lt.	%	Mil. Lt.	%	Mil. Lt.	%
1928	35.0	13.6	56.2	21.9	146.0	56.8	19.5	7.6
1929	62.1	18.8	74.9	22.7	170.0	51.5	22.6	6.9
1930	70.1	21.0	131.5	39.4	119.5	35.8	12.6	3.8
1931	35.8	13.1	156.7	57.4	67.0	24.6	13.4	4.9
1932	12.6	6.7	113.8	60.2	53.5	28.3	9.2	4.9
1933	13.4	8.4	86.8	54.2	50.4	31.5	9.5	5.9
1934	12.4	8.5	63.0	42.8	59.9	40.7	11.8	8.0
1935	10.6	7.0	75.4	49.5	56.3	37.0	9.8	6.5
1936	20.9	11.0	90.2	47.4	72.6	38.0	6.7	3.5
1937	25.0	12.0	83.7	40.2	91.9	44.1	7.6	3.7

The Development of Volume of World Trade and of Lithuania's Foreign Trade in Indices (1929=100).

Diagram No. 4.



II. Lithuanian Import from 1928—1937 according to Commodity Groups.

Year	Live Animals		Comestibles		Raw Materials & Semi-Manufactures		Ready-made Goods	
	Mil. Lt.	%	Mil. Lt.	%	Mil. Lt.	%	Mil. Lt.	%
1928	0.1	0.03	50.9	17.4	74.7	25.7	165.1	56.7
1929	0.1	0.03	55.6	18.1	85.0	27.8	165.4	54.0
1930	0.3	0.09	38.9	12.4	84.2	26.9	188.9	60.5
1931	0.2	0,07	27.9	10.0	72.0	25.9	177.6	63.9
1932	0.03	0,02	17.1	10.3	49.1	29.4	100.2	60.0
1933	0.05	0,04	10.8	7.6	49.2	34.6	81.5	57.3
1934	0.03	0.03	11.1	8.0	48.9	35.2	78.0	56.3
1935	0.02	0,02	8.1	6.3	45.8	35.6	72.8	56.6
1936	0.08	0.05	9.3	6.0	56.4	36.1	88.4	56.6
1937	0.2	0.1	10.4	4.9	81.5	38.3	120.2	56.5

The first table shows that to-day approximately half the Lithuanian export accrues to cattle and foodstuffs; more than two-fifths consists of industrial raw materials. During the crisis years the exports of raw materials receded far more rapidly than those of comestibles, which caused the collapse of the percentage share of raw materials from 56.8% in 1928 to 24.6% in 1931, whereas simultaneously the percentage share of comestibles rose nearly three times. In connexion with the revival of world economy, the share of raw materials has again grown, without, however, attaining the pre-crisis position, which has been occasioned alike by the development of the Lithuanian foodstuffs industry and the heightened demand of the home market for raw materials in connexion with the expansion of domestic industry. The fluctuations in the share of live animals are attributable chiefly to the former stagnation of exports to Germany.

The structural changes of import, which the second table illustrates, show an appreciably more regular development than that of export. The explanation of this phenomenon may lie in the fact that export is to a far greater degree dependent upon contingent fluctuations of the world market and is with much greater difficulty amenable to State interventionist measures than import, which is closely associated with the economic development of the home country. The above-quoted figures reflect the influence of her imports: whereas the percentage share of foodstuffs and luxury goods constantly falls, owing to the rise of home production (sugar, &c.), the share of individual raw materials has risen almost without intermission, even during the period of crisis, since 1931. The imports of ready-made goods have ad valorem and especially quantitatively, in consequence of the increased consumption in recent years, absolutely grown considerably, but their percentage share in the total imports has remained unchanged.

4. Analysis of Export according to Goods.

In conformity with the agrarian character of the country, Lithuania exports almost exclusively agricultural products. Lithuanian exports are therefore confined chiefly to a few commodities which, thanks to this circumstance, attain a relatively large percentage share on the world market, as has already been shown above. To the six principal export articles, i. e. live pigs, bacon, butter, flax, timber material, and cellulose, pertain approximately three-quarters of the total export. Divided according to separate economic branches, in the exports of 1937 the commodity ratios were as follows:

Cattle and Poultry Breeding	115.5	mil.	Lt	or	55.4%
Including:					
Pig-breeding	45.1	„	„	„	21.6%
Dairy-farming	42.1	„	„	„	20.2%
Poultry-farming	9.8	„	„	„	4.7%
Forestry	50.3	„	„	„	24.1%
Including:					
Sawn Timber	16.5	„	„	„	7.9%
Cellulose	14.9	„	„	„	7.1%
Vegetable Growing	37.7	„	„	„	18.1%
Including:					
Flax and Linseed	31.1	„	„	„	14.9%
Total:	203.5	„	„	„	97.6%

The development of the export of separate commodities during the last ten years is shown in the attached Table No. 3.

437 On the strength of these figures we may conclude that this development in relation to separate commodities proceeds unevenly. Thus, for example, the export of horned cattle in recent years has very greatly receded and in 1937 reached lees than a tenth of the position in 1928. On the other hand, the export of butter during the same period has simultaneously risen about sixfold. The export of live pigs from 1932—1934 considerably receded, but during the last three years has again risen far above the position of 1928. The export of meat, wherein that of bacon has the biggest share, increased approximately sevenfold from 1928—1932, but has since suffered a loss of more than half the position attained in 1932. The export of live poultry maintained a high position until 1933, and since then has receded about two-thirds. Egg export, after the stagnation from 1933—1935, again shows a rising tendency and has gone beyond the position of 1928. Grain export forms a particularly uncertain item of Lithuanian export. In years of good harvest it amounts to over a hundred thousand tons, but when the harvest is bad, it is wholly discontinued or even prohibited. Timber export suffered recessions in 1931, 1932, and 1935; otherwise it remains fairly favourable. In 1937 it stood above the position of 1928, but below that of 1929. More favourable was the development of the export of cellulose and of ready-made wood wares, which since 1934 has stood above the position of 1928 and constantly rises. Flax export, under the influence of the world economic crisis, has suffered very severely. From 1928—1933 it receded by half in round figures. Since 1934, however, it has again increased nearly twofold, and has gone beyond the position of 1928 by approximately 50%, but in connexion with the fall of prices on the world market towards the end of 1937, a new stagnation made itself felt.

Briefly summarizing we may say that the relatively favourable course of the development of Lithuanian export during the world economic crisis has to thank the advance of dairy-farming and the meat working-up industry. It has already been mentioned in the preceding chapter that these are concentrated in both the leading dairy-farming organizations of Lithuania, viz., „Pienocentras“ and „Maistas“. Their great rôle in export trade will be discussed in the following section.

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Table No. 3.

The Most Important Commodities of Lithuanian Export from 1928—1937.

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Commodities	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt
I. Live Animals:																				
Horses in 1000	21.2	9.8	20.7	11.4	20.8	10.3	10.4	5.5	8.7	2.3	17.0	4.3	17.4	4.7	15.3	3.4	14.9	5.6	13.4	4.9
Horned Cattle in 1000	28.1	7.5	39.9	14.5	36.2	12.9	19.5	6.0	16.4	2.5	11.8	2.5	9.3	2.0	0.3	0.1	4.1	1.6	2.5	1.4
Pigs in 1000	44.5	11.5	100.2	28.9	156.0	38.7	109.5	19.3	33.7	2.9	21.7	2.7	46.1	5.2	104.8	7.1	116.9	11.7	137.7	16.3
Poultry in 1000	571.7	6.0	626.6	6.9	720.0	7.8	714.0	4.9	854.7	4.8	766.7	3.9	161.0	0.5	0.3	0.0	246.1	1.5	250.5	1.5
II. Comestibles:																				
Meat (fresh, bacon, &c.)	1 959	6.8	5 394	18.8	13 340	47.9	29 664	81.6	34 905	56.8	29 018	53.4	17 908	37.2	14 495	23.7	15 540	29.8	15 574	31.1
Butter	2 643	20.3	4 084	31.4	7 357	46.9	8 705	47.2	9 926	41.8	9 580	22.9	9 671	14.7	12 154	24.4	14 629	35.2	15 058	41.4
Eggs	3 502	14.4	2 985	12.8	2 958	11.9	3 279	10.0	2 462	6.3	1 560	3.3	1 046	1.7	1 511	2.1	3 793	4 9	4 228	5.9
Grain	5 233	2.8	1 750	0.6	34 315	9.3	22 691	6.2	2 273	0.6	2 321	0.6	17 150	2.7	150 193	17.4	120 810	12.2	—	—
Leguminous plants	6 987	3.3	4 313	1.9	5 657	1.7	8 172	2.2	3 687	0.9	4 313	0.9	8 069	1.7	11 830	3.0	9 752	2.3	5 795	1.6
III. Raw Materials & Semi-manufactures:																				
Raw Hides & Furs	4 465	17.8	2 779	16.0	1 992	8.3	1 364	4.8	1 868	3.0	3 235	3.4	2 657	3.6	2 316	3.5	1 432	4.5	1 728	6.2
Animal Hair & Feathers	213	2.1	228	3.7	167	2.4	138	1.4	154	1.1	167	0.9	151	0.8	179	1.2	243	1.4	251	1.8
Seeds	8 269	9.3	25 764	26.7	21 598	17.9	12 555	9.6	9 202	5.9	7 062	3.4	8 859	6.2	15 833	8.6	26 008	10.9	22 979	11.2
Timber	271 710	33.6	354 960	44.8	268 760	29.1	144 269	15.3	150 659	11.9	290 774	16.1	331 980	19.7	182 205	16.5	232 583	17.6	282 292	29.5
Cellulose	47 880	26.9	60 781	38.3	53 898	32.6	36 173	21.1	39 384	19.4	47 751	15.8	57 334	14.6	52 189	10.3	57 206	10.6	68 621	14.8
Flax	13 176	46.6	11 530	32.1	10 198	19.6	7 710	9.1	8 989	9.1	6 459	7.2	10 187	11.2	10 427	14.1	19 677	25.1	16 087	24.0
IV. Ready-made Goods:																				
Leather	6	0.2	14	0.4	38	0.5	233	3.1	171	2.2	266	1.9	380	2.7	203	1.6	15	0.2	317	1.2
Timber Products	8 466	12.8	9 126	16.7	4 816	8.1	5 124	7.1	3 946	4.5	5 903	5.8	9 819	8.3	11 532	6.5	9 240	5.2	13 085	5.9

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Table No. 4.

The Export of Several more Important Commodities according to Countries.

	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	to	%	to	%	to	%	to	%	to	%	to	%	to	%	to	%	to	%	to	%
Live Pigs, Number	44 524	100	100 249	100	156 030	100	109 491	100	33 669	100	21.768	100	46.130	100	104 832	100	116 952	100	137 675	100
Of which to:																				
U.S.S.R.	—	—	—	—	5 261	3	11 788	10	—	—	—	—	23 360	51	99 172	95	89 927	77	91 946	67
Germany	41 643	93	94 629	94	148 211	95	97 367	89	28 200	84	8 769	40	9 421	20	31	0	23 897	20	44 206	32
Bacon	150	100	316	100	4 104	100	18 157	100	25 132	100	21 376	100	12 675	100	8 605	100	10 267	100	9 878	100
Of which to:																				
Great Britain ..	150	100	316	100	4 048	99	18 157	100	25 132	100	21 041	98	12 675	100	8 567	99	10 158	99	9 857	99
Butter	2 643	100	4 084	100	7 357	100	8 705	100	9 926	100	9 580	100	9 671	100	12 154	100	14 629	100	15 058	100
Of which to:																				
Great Britain ..	168	6.4	672	16.4	1 304	17.7	2 052	23.4	3 777	38.1	5 503	57.4	7 432	76.8	9 234	75.9	10 806	73.9	10 299	68
Germany	2 395	90.6	3 308	80.9	5 863	79.7	5 855	67.3	5 485	55.3	3 016	1.2	414	4.3	837	6.9	1 215	8.3	1 233	8
Palestine	—	—	—	—	0	0	0	0	0	0	120	31.5	172	1.8	26	0	990	6.7	2 554	17
Flax	13 176	100	11 530	100	10 198	100	7 710	100	8 989	100	6 459	100	10 187	100	10 426	100	19 673	100	16 088	100
Of which to:																				
Great Britain ..	6 403	48.6	4 166	36.1	4 421	43	2 388	31	2 706	31	2 059	32	4 264	42	3 962	38	9 672	49	8 594	53
Czecho-Slovakia	173	1.3	187	1.6	61	0	10	0	44	0	122	2	2 856	28	2 051	20	2 514	13	2 539	16
Sweden	718	5.4	544	4.7	774	7	1 007	13	956	11	598	9	686	7	627	8	1 643	8	1 607	10
France	336	2.6	138	1.2	106	1	164	2	512	6	146	2	176	2	1 420	14	2 347	12	1 427	9

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Linseed	6 993	100	24 660	100	20 124	100	11 157	100	7 709	100	6 016	100	6 401	100	12 749	100	23 807	100	20 679	100
Of which to:																				
Belgium	23	0	114	0	390	2	749	7	340	4	148	2	585	9	973	8	4 637	19	4 337	21
Czecho-Slovakia	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1 109	9	6 179	26	3 940	19
Holland	118	2	3 921	16	2 751	13	880	8	662	8	373	6	139	2	923	7	2 275	9	3 259	16
France	983	13	492	2	104	0.5	—	—	84	1	170	3	665	10	3 146	25	2 389	10	2 919	14
Cellulose	47 880	100	60 781	100	53 898	100	36 173	100	39 384	100	47 751	100	57 334	100	52 189	100	57 206	100	68 621	100
Of which to:																				
Great Britain	14 234	30	26 987	44	27 336	51	19 515	54	15 717	40	15 894	33	16 939	29	24 336	47	26 847	47	25 031	36
U.S.A.	2 397	5	5 883	9	3 825	7	2 918	8	1 912	5	15 384	32	18 323	32	8 502	16	14 797	26	18 357	27
France	463	1	8 649	14	15	0	1 069	3	1 712	4	1 728	4	6 052	11	3 313	6	10 182	18	15 005	22
Planks & Boards	52.452	100	60 539	100	45 195	100	39 679	100	54 054	100	88 666	100	82 759	100	121 796	100	118 019	100	115 002	100
Of which to:																				
Great Britain	1 489	3	2 398	4	4 676	10	11 105	28	25 037	46	43 893	49	29 894	36	65 197	53	66 071	57	68 815	60
Holland	—	—	2 115	4	319	0	8 891	25	14 819	27	16 060	18	14 034	17	20 628	17	15 967	14	15 941	14
France	—	—	2 940	5	4 930	11	2 462	6	850	1.5	2 316	3	7 163	8	10 884	9	12 413	10	9 530	9
Germany	49 089	93	44 082	73	27 980	62	12 867	32	12 134	22	17 604	19	15 545	19	2 821	2	9 837	8	7 006	6
Veneer	6 570	100	7 535	100	3 862	100	3 673	100	2 718	100	3 710	100	5 393	100	5 924	100	5 743	100	6 250	100
Of which to:																				
Great Britain	2 978	46	3 868	51	2 607	67	2 468	67	1 698	62	2 264	61	3 684	68	4 673	79	5 049	88	5 080	81

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The distribution of the export of several more important commodities according to country and the changes occurring therein during the last ten years are shown in the attached Table No. 4. According thereto two-thirds of the live pigs are exported to the U. S. S. R. and one-third to Germany. Export to the U. S. S. R. has risen only during the last three years. From 1928—1932 Germany still took approximately nine-tenths of the export quantity. After the stoppage in 1935, Germany's share is again upon the up-grade.

Great Britain alone takes over the entire bacon export.

More than two-thirds of Lithuania's butter export also go to Great Britain. Meanwhile Germany's share between 1928 and 1935 shrank from 90% to nil, and has since during the last two years risen 17%.

Half the flax export in round figures pertains to Great Britain. Among the other more important customers, Czecho-Slovakia, Sweden, and France should be mentioned.

The export of linseed is not so strictly concentrated in separate countries as the above-mentioned goods. It is distributed among Belgium, Czecho-Slovakia, Holland, and France.

The same remark applies to cellulose; this is in approximately equal portions exported to Great Britain, the U. S. A., and France. In 1937 Great Britain's share declined and that of both the other countries has increased.

Sawn timber up to 60% goes to England. Holland occupies the second place. Here also is the same re-grouping as with butter worthy of note. Germany's share, which in 1928 exceeded 90%, shrank to 6% during subsequent years.

Veneer is exported chiefly to Great Britan.

5. Analysis of Import according to Commodities

Lithuanian import is more differentiated than export. The most important share pertains to the imports of textiles (raw materials, yarns, and fabrics). In 1937 they amounted to 22%. Then followed iron, various metals, and wares thereof with 18%. In the third place stand machinery and apparatus with 12%, and in the fourth petroleum and coal with approximately 9%.

A detailed review of the development of the import of the most important commodities during the last ten years is afford-

439 ed by the attached Table No. 5. It reflects pretty clearly the course of Lithuania's economic life.

The agrarian crisis in the years 1931—1934, its subjugation, and the fresh economic revival during the last three years are illustrated by the figures on the import fertilizers. During 1930 the imports of phosphates reached 115 000 tons. In 1934 they sank to 55 000 tons, but in 1937 again reached 95 000 tons.

Very characteristic is the development of the imports of industrial raw material and semi-manufactures, which, in connexion with the industrialization of our country even during the general world economic crisis either receded only negligibly or not at all, and during the last two years rose tremendously. This concerns in the first place the imports of coal, petroleum, and combustibles generally; iron and steel, and especially wool, cotton, and yarns, the import of which from 1928 to 1937 has nearly quadrupled.

The import of cement from 1932—1935 showed recession; it did not nevertheless fall below the level of 1929. During the last two years not only were the losses made good, but the position of 1928 has been doubled, owing to the upward trend of construction.

The imports of machinery and motor-cars rose strongly during 1937, i. e. those of the former have doubled, which reflects the rise of industrial production, and of the latter even quadrupled, which was occasioned by the reduction of the duties.

Simultaneously with the rise in the imports of an entire series of articles which are required for the establishment of home industry, the import of many ready-made products has receded, because the demand now either wholly or in part can be covered by domestic production. The relevant statistical data can be seen in Table No. 6.

Thus soon after the establishment of the first sugar factory at Marijampolė in 1931, the imports of foreign sugar fell off approximately by half. After the second factory had been erected at Pavenčiai in 1935, sugar imports almost entirely ceased.

The erection of the rubber factory „Inkaras" at Kaunas and of the paper factory at Petrašiūnai in 1933 has brought about a sharp drop in rubber and paper ware imports.

The development of the domestic textile industry caused the decrease of the import of ready-made fabrics. This, it is

Table No. 5.

The Most Important Commodities of Lithuanian Import from 1926—1937.

Commodities	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt	to	Mil. lt
I. Comestibles																				
Fish (Herrings, &c)	14 895	9.2	18 616	11,5	15 704	9.9	11 844	6.5	10 718	4.4	7 936	3.1	9 670	2.9	7 256	2.2	9 770	3.4	11 690	4.0
Fruit & Berries	1 646	2.6	1 658	2.8	2 464	3.5	2 600	3.1	1 770	1.8	1 619	1.4	1 539	1.3	1 158	1.1	1 236	1.3	1 385	1.3
Coffee, Cocoa & Tea	596	2.9	662	2.9	671	2.5	675	2.1	618	1.6	563	1.3	533	1.0	689	1.1	689	1.0	622	1.2
Salt	26 345	2.4	30 727	2.3	30 812	2.0	34 031	2.3	34 077	2.2	34 111	2.1	32 910	1.7	39 825	1.9	32 674	1.7	32 515	1.6
II. Raw Materials & Semi-Manufactures																				
Raw Hides & Furs	1 306	5.5	1 636	5.0	1 998	4.6	2 650	4.2	1 652	2.4	1 698	2.7	2 284	3.4	1 499	2.4	2 062	3.9	2 435	6.3
Fertilizers	106 512	15.1	103 964	15.5	115 219	15.8	89 407	10.5	64 331	6.8	65 530	6.7	55 776	5.7	65 546	4.7	71 524	5.6	95 790	7.3
Tobacco	1 088	3.2	1 236	3.8	937	3.2	1 086	3.4	777	2.3	881	2.5	937	3.2	331	1.0	727	1.8	936	2.7
Iron & Steel ..	21 285	7.6	17 882	6.6	24 557	8.3	25 381	6.7	20 516	4.1	24 908	5.3	24 406	5.3	22 958	4.6	32 055	6.4	40 030	11.2
Petroleum	31 414	9.7	31 585	9.9	39 250	11.4	39 896	10.3	38 497	7.9	37 207	6.9	38 743	6.4	38 136	6.2	40 305	6.1	46 188	6.7
Coal	196 684	11.3	268 206	14.6	225 703	12.1	263 588	13.3	244 784	9.9	252 573	8.6	250 965	7.8	242 318	6.8	270 114	8.1	306 203	10.7
Cement	46 902	4.7	50 047	4.6	63 526	5.8	87 994	6.8	67 256	3.7	60 870	2.6	58 483	2.3	57 958	2.3	74 022	2.9	95 744	4.3
Wool	285	1.4	365	2.7	335	1.9	290	1.4	256	1.2	383	1.7	394	2.1	410	1.9	473	2.5	541	3.4
Cotton	226	0.6	196	0.7	259	0.8	369	0.7	327	0.6	272	0.5	460	0.7	1 379	2.3	1 688	2.8	2 453	4.3

III. Ready-made Goods																				
Paints & Varnish	386	1.5	415	1.6	495	2.1	462	1.9	487	1.8	466	2.2	592	2.3	596	2.2	748	2.5	782	2.5
Chemical Products	4 747	5.4	5 220	5.9	4 620	4.8	4 608	4.5	4 504	3.7	5 335	3.8	6 358	4.7	5 861	4.1	6 704	4.2	7 955	4.9
Woollen Yarns..	134	2.2	126	2.4	130	2.3	170	2.6	145	2.0	254	3.3	311	4.3	353	4.2	568	7.0	625	8.4
Woollen Fabrics	392	13.6	364	14.9	448	17.4	467	15.5	292	7.7	198	4.9	176	4.1	213	4.2	264	5.5	259	6.0
Cotton Yarns ..	786	6.0	900	7.4	1 549	12.0	1 525	8.8	1 827	7.9	2 228	8.9	2 138	7.9	1 833	7.4	2 119	8.7	1 944	8.6
Cotton Fabrics..	2 050	28.8	1 569	25.3	1 887	29.4	1 829	25.4	971	11.8	926	10.8	866	9.4	751	7.6	1 165	11.1	1 176	11.1
Paper & Paper Wares	5 064	7.0	5 278	7.2	5 499	7.5	5 491	6.7	5 547	5.2	2 613	2.8	1 699	2.2	1 519	1.9	2 303	2.6	1 993	2.6
Glass E Glass Wares	2 382	2.6	2 071	2.4	2 924	2.9	2 676	2.7	2 849	1.9	1 405	1.2	1 852	1.3	2 283	1.4	2 691	1.6	3 207	1.9
Iron & Steel Wares	16 525	16.4	16 489	17.5	21 085	20.7	26 491	20.6	20 256	11.7	16 382	9.3	14 872	8.6	13 310	7.5	15 364	8.7	30 513	16.5
Electrical Machinery ..	441	1.9	562	2.9	551	3.2	488	2.9	393	2.5	275	1.6	581	2.1	594	2.1	497	1.9	712	2.7
Industrial Machinery ..	3 792	13.3	3 730	14.2	4 415	10.0	5 719	18.8	2 654	8.2	2 034	5.9	2 140	6.5	2 337	6.3	2 132	8.5	4 180	15.4
Agricultural Machinery ..	2 335	4.6	2 126	4.5	2 307	4.5	2 687	5.0	1 415	2.0	1 067	1.3	949	1.1	958	1.1	637	1.2	1 967	2.5
Motor-cars	727	5.5	494	3.6	657	4.8	563	3.9	171	1.2	125	0.8	308	1.6	240	1.1	472	1.9	1 866	7.5
Scientific Apparatus & Instruments ..	212	3.7	177	3.7	205	4.5	235	5.6	174	3.7	152	3.2	169	3.3	275	5.8	255	4.1	361	6.3

true, in connexion with the growth of consumption during the last two years, has somewhat risen, but remains nevertheless to-day at approximately a half behind the position of 1928—1931.

The extremely sharp recession of knitted goods import has certainly been evoked directly by protectionist measures (the increase of the duties and the licensing of import). An important rôle was, however, played by the establishment of three undertakings for woven goods manufacture in Kaunas, i. e. the firm of Uljamperliai Bros. and the joint-stock companies „Cotton“ and „Diana“.

The import of leather and leather footwear has also receded under the influence of the intensification of domestic industry, inter alia the establishment of the „Batas“ and „Lithuania“ firms, etc.

6. Analysis of Export according to Countries.

The development of Lithuania's export trade from 1928—1937, according to separate countries, is shown by the attached Table No. 7. It contains data on the exports to sixteen countries to which in 1937 in all 97.3% of our exports related.

We see from this table that during recent years almost half Lithuania's export has gone to the United Kingdom.

This high share and the first place among customer-countries for Lithuanian products fell to Great Britain for the first time in 1932, until when Germany had headed the list of Lithuania's foreign markets. The agrarian-protectionist import restrictions introduced in Germany since 1932, on the one hand, and various misunderstandings of a non-economic character, on the other, caused a sharp curtailment of our exports to Germany from 1932—1935. Since the conclusion of a new economic agreement in 1936 Lithuanian - German trade has again revived and shows a fresh upward tendency.

The two following tables illustrate the structure of exports to Great Britain and Germany during the last three years:

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Table No. 6.

The Recession of Import of Various Commodities into Lithuania (in tons).

Commodities	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Sugar	20 018	27 384	31 754	25 957*)	15 471	3 199	12 359	3 040**)	3 277	414
Leather	89.8	116.2	118.8	99.5	51.7	58.8	39.0	16.3	16.4	18.6
Leather Footwear	36.1	30.2	43.3	113.9	30.5	48.1	12.6	11.5	16.3	19.4
Rubber Goods	523.0	605.0	636.5	680.2	617.2	652.3	276.7	180.3	191.8	268.2
Soap	181.7	319.3	303.7	162.4	59.6	9.7	32.4	6.7	15.6	26.0
Woollen Fabrics	392	364	448	467	292	198	176	213	264	259
Cotton Fabrics	2 050	1 569	1 887	1 829	971	926	866	751	1 165	1 176
Knitted Goods	173.3	134.5	116.5	77.5	24.9	18.0	14.7	4.2	5.7	7.3
Paper & Paper Wares..	5 064	5 278	5 499	5 491	5 547	2 613	1 699	1 519	2 303	1 993

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*) Establishment of a Factory.

**) Establishment of a second Factory.

Lithuania's Exports to Great Britain (in 1 000 litas)

Commodities	1935	1936	1937
Total Exports	69 513.7	92 152.9	96 581.3
Including:			
Bacon	17 404.5	22 584.3	22 827.9
Butter	18 301.9	25 541.0	27 944.4
Eggs	1 386.5	3 660.0	3 913.8
Boards & Planks	6 580.8	5 622.2	9 144.5
Cellulose	4 569.8	4 907.5	4 866.6
Veneer	3 636.0	3 479.3	3 607.7
Flax & tow	5 177.3	12 434.0	12 921.3

Lithuania's Exports to Germany (in 1 000 litas).

	1935	1936	1937
Total Exports	5 435.2	20 598.9	34 479.3
Including:			
Live pigs	2.3	4 045.9	7 503.8
Live poultry	0.6	1 492.1	1 534.9
Beef	2.5	246.5	1 168.9
Slaughtered poultry and game	369.9	1 003.0	1 129.9
Butter	63.1	2 928.3	7 588.9
Eggs	4.1	542.0	1 532.1
Boards & planks	355.6	2 290.5	1 886.4
Flax & tow	34.7	1 384.1	923.1

Until 1931 Latvia occupied the third place in Lithuania's export trade. For example, in 1929 our export to that country reached 30 500 000 litas and a share of 9.2% in the total export trade. To be sure the bulk of the commodities then exported to Latvia (for example, flax for about 7 700 000 litas and linseed for about 6 200 000 litas) was re-exported by Latvian customers, so that actually exports to Latvia were also smaller. The agrarian-protectionist measures introduced since then in Latvia have resulted in a sharp fall of Lithuanian exports to that country.

At present, i. e. since 1934, the U. S. S. R. stands in the third place in Lithuania's export trade. She imports from Lithuania chiefly live pigs and also hides and leather.

Table No. 7.

Lithuania's Export Trade from 1928—1937 according to Countries.

Countries	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%
Total Export	256.9	100.0	329.8	100.0	333.7	100.0	273.1	100.0	189.1	100.0	160.2	100.0	147.2	100.0	152.2	100.0	190.5	100.0	208.3	100.0
Including:																				
Great Britain	52.3	20.3	57.4	17.4	65.0	19.5	90.4	33.1	78.3	41.4	71.6	44.7	62.7	42.6	69.5	45.6	92.1	48.4	96.6	46.4
Germany	148.3	57.7	195.9	59.4	199.9	59.9	125.4	45.9	74.0	39.1	52.5	32.7	31.8	21.6	5.4	3.6	20.6	10.8	34.5	16.5
U. S. S. R.	3.6	1.4	1.3	0.4	5.1	1.5	8.2	3.0	6.7	3.5	2.7	1.7	7.5	5.1	13.1	8.6	10.1	5.3	11.0	5.3
France	4.2	1.6	3.9	1.2	2.2	0.7	2.6	0.9	2.9	1.6	3.2	1.9	4.3	2.9	7.1	4.7	8.6	4.5	9.8	4.7
Holland	5.4	2.1	10.7	3.2	6.8	2.0	4.9	1.8	3.9	2.1	3.8	2.4	4.6	3.1	7.9	5.2	5.5	2.9	9.5	4.6
Belgium	4.3	1.7	4.3	1.3	6.8	2.0	10.7	3.9	3.4	1.8	4.4	2.6	6.4	4.3	11.9	7.8	10.5	5.5	7.8	3.7
Czecho-Slovakia	0.8	0.3	0.9	0.3	0.4	0.1	0.1	0.06	0.2	0.1	1.3	0.8	4.4	2.9	5.6	3.7	7.1	3.7	7.0	3.4
U. S. A.	2.4	0.9	4.4	1.3	2.6	0.8	2.0	0.7	1.0	0.5	5.3	3.3	4.8	3.2	2.9	1.9	6.7	3.5	6.8	3.3
Sweden	3.1	1.2	2.4	0.7	3.9	1.2	1.8	0.7	1.9	1.0	1.0	0.6	2.6	1.7	3.5	2.3	5.6	2.9	4.7	2.2
Palestine	0.08	0.04	0.2	0.05	0.1	0.04	0.1	0.03	0.05	0.03	0.4	0.2	0.8	0.5	2.0	1.3	2.9	1.6	3.4	1.6
Switzerland	0.04	0.02	1.1	0.3	0.6	0.2	0.5	0.2	0.4	0.2	0.5	0.3	0.7	0.5	2.6	1.7	1.9	1.0	3.4	1.6
Denmark	1.9	0.7	3.9	1.2	4.4	1.3	3.0	1.1	1.1	0.5	2.4	1.5	4.6	3.1	5.7	3.7	5.1	2.7	2.6	1.3
Austria	0.2	0.08	0.05	0.01	0.05	0.02	0.02	0.01	0.02	0.01	0.1	0.07	1.4	0.9	1.2	0.8	1.7	0.9	2.2	1.0
Latvia	17.4	6.8	30.5	9.2	22.9	6.8	15.1	5.5	4.4	2.3	5.3	3.3	4.8	3.2	3.7	2.4	3.4	1.8	1.7	0.8
Finland	0.02	0.01	0.3	0.09	0.0	0.0	0.0	0.0	0.02	0.01	0.04	0.03	0.1	0.1	0.8	0.5	1.4	0.7	1.1	0.5
Estonia	0.14	0.06	0.2	0.06	0.3	0.1	0.2	0.07	0.15	0.08	0.15	0.1	0.4	0.3	1.3	0.9	0.7	0.4	0.9	0.4

To France, who holds the fourth place among Lithuania's foreign markets, cellulose, flax, linseed, and sawn timber are predominantly exported.

The principal staples of our exports to Holland are pulp wood, boards and planks, linseed, and calf-skins.

To Belgium go chiefly cellulose, sawn timber, and linseed; to Czecho-Slovakia flax and linseed; to the United States, cellulose and frozen pork; to Sweden, flax; to Palestine, butter; to Switzerland, frozen pork and butter; to Denmark, horses and aspen. The separate items of export to other countries are relatively insignificant.

The development of the distribution of Lithuanian export according to individual countries during the last five years has brought into prominence as a favourable phenomenon the fact that, instead of a concentration of exports on two or three countries, as had formerly been the case, to-day it is capturing an ever increasing number of foreign markets, with the tendency through their simultaneous service to protect itself against sudden reactions, which can occur when, on any ground, export to one market comes to a standstill. The successful fulfilment of this decentralization tendency reveals itself in the fact that whereas until 1932 approximately 80% of export fell to Great Britain and Germany and only 20% to all other countries, in recent years the share of both the above-mentioned countries has sunk to approximately 60%, and that of the remainder has risen to 40%.

7. Analysis of Import Trade according to Countries.

On the strength of the contrasted statistical data in Table No. 8 on the development of Lithuanian import from separate countries during the last ten years, we may conclude that in contradistinction to export, import for long has been less centralized and distributed among a greater number of countries.

The sequence of countries according to the size of import values is, however, not identical with that of export, because between export and import in the trade with separate countries important discrepancies existed and even now still exist.

The problem of our commercial policy is therefore not so much directed to a further decentralization as, on the contrary,

Table No. 8.

Lithuania's Import Trade from 1928—1937 according to Countries.

Countries	1928		1929		1930		1931		1932		1933		1934		1935		1936		1937	
	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%	Mil. lt	%
***Total** Import*	291.1	100.0	306.4	100.0	312.4	100.0	277.8	100.0	166.9	100.0	142.2	100.0	138.7	100.0	128.6	100.0	156.0	100.0	212.6	100.0
Including:																				
Great Britain	19.2	6.6	26.0	8.5	24.0	7.7	19.7	7.1	17.9	10.8	24.3	17.1	35.1	25.3	47.9	37.3	57.0	36.5	59.3	27.9
Germany	146.8	50.4	150.2	49.0	151.4	48.5	130.7	47.0	67.2	40.3	51.3	36.1	38.8	28.0	14.7	11.4	14.4	9.2	46.4	21.8
U. S. S. R.	9.1	3.1	13.1	4.3	13.8	4.4	17.2	6.2	10.2	6.1	7.8	5.5	5.9	4.3	13.6	10.5	14.7	9.4	17.9	8.4
France	4.5	1.6	7.2	2.3	9.5	3.0	8.3	2.9	5.6	3.4	4.4	3.1	5.2	3.7	4.4	3.4	4.8	3.1	5.6	2.6
Holland	9.2	3.2	10.0	3.3	9.9	3.2	7.3	2.6	4.5	2.7	4.7	3.3	4.9	3,6	6.0	4.7	7.0	4.5	8.8	4.2
Belgium	3.7	1.3	5.2	1.7	7.4	2.4	7.9	2.8	7.6	4.5	7.5	5.3	7.9	5.7	4,9	3.8	13.7	8.7	16.7	7.9
Czecho-Slovakia	13.1	4.5	19.2	6.3	18.0	5.8	19.6	7.0	12.6	7.6	8.6	6.1	9.1	6.6	9.2	7.2	7.4	4.8	6.9	3,3
U. S. A.	20.5	7.0	16.7	5.5	14.7	4.7	10.8	3.9	6.3	3.8	4.3	3.0	3.9	2.8	3.8	2.9	4.4	2.8	7.4	3.5
Sweden	5.5	1.9	5.7	1.9	7.5	2.4	5.4	1.9	3.6	2.1	2.4	1.7	3.0	2.2	3.1	1.4	4.7	3.0	6.9	3.3
Palestine	0.12	0.04	0.02	0.01	0.1	0.03	0.07	0.02	0.14	0.09	0.1	0.08	0.1	0.07	0.25	0.2	0.15	0.1	0.12	0.06
Switzerland	2.6	0.9	2.5	0.8	3.6	1.2	3.2	1.2	1.9	1.1	1.5	1.0	1.7	1.2	1.9	1.5	2.5	1.6	3.5	1.6
Denmark	3.1	1.1	6.3	2.1	5.4	1.7	3.5	1.3	2.1	1.2	1.9	1.4	2.2	1.6	3.3	2.6	4.7	3.0	6.9	3.3
Austria	1.2	0.4	1.8	0.6	1.7	0.5	1.5	0.5	0.9	0.6	2,2	1.6	2.9	2.1	2,1	1.6	2.5	1.6	1.6	0.8
Latvia	10.3	3.6	10.9	3.6	13.4	4.3	11.9	4.3	7.7	4.6	5.7	3.9	2.5	1.8	1.7	2.3	1.9	1.3	2.1	1.0
Finland	0.6	0.2	1.7	0.5	2.2	0.7	1.8	0.6	1.9	1.1	1.4	1.0	0.7	0.5	0.4	0.3	0.4	0.2	0.4	0.2
Estonia	4.0	1.4	2.0	0.7	3.5	1.1	3.4	1.2	2.1	1.3	0.6	0.4	0.4	0.3	1.2	0.9	0.9	0.6	0.8	0.4

to the deflection of import to countries with which we have an active trade balance.

Since 1935 Great Britain has held first place in Lithuanian import trade. Her percentage share, however, notwithstanding a slight rise in the absolute figures, in 1937 again receded and does not by a long way correspond to the considerably larger share of Great Britain in Lithuania's export trade.

During the last three years the following articles more especially were imported from Great Britain (in 1 000 litas):

	1935	1936	1937
Herrings	2 147.7	3 223.5	2 345.2
Superphosphates	1 237.6	1 077.9	1 130.1
Sheet - iron	989.6	1 397.9	1 506.3
Coal	5 251.9	6 177.8	7 685.7
Cement	1 429.7	1 511.6	2 141.0
Raw wool	1 633.4	1 674.8	2 176.9
Woollen yarn	3 647.9	6 406.1	6 752.5
Cotton yarn	5 210.4	6 208.1	5 942.5
Woollen fabrics	3 311.9	4 283.2	4 399.8
Cotton fabrics:			
Raw and bleached	1 124.9	1 300.0	1 325.2
Dyed	3 971.4	6 406.4	4 889.7

Germany, who from 1928 to 1931 still supplied approximately half of all commodities imported into Lithuania and who, despite the later decreases of deliveries, until 1934 remained in the first place in Lithuania's import trade, was in 1935 relegated by Great Britain to the second place, which she also occupies to-day. Her share in imports in 1937 again exceptionally increased (from 9.2% to 21.8%), and considerably surpassed the share in Lithuanian export trade.

The principal articles of Lithuanian import from Germany in recent years were as follows (in 1 000 litas):

	1935	1936	1937
Iron rails	—	4.4	1 660.8
Woollen fabrics	36.1	112.2	1 007.0
Cotton fabrics dyed	81.3	128.4	936.8
Factory machinery	331.3	316.3	1 713.5
Machine parts	516.3	502.0	1 231.5

Motor-cars	15.7	122.2	1 136.7
Chassis	49.8	187.3	1 196.4
Scientific apparatus and instruments	239.5	359.4	980.6

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The nomenclature of Lithuanian imports from Germany is, moreover, extremely elusive and differentiated, which is due partly to the lively frontier trade. The above cited articles constitute only approximately a fifth of our total imports from Germany.

The U. S. S R. supplies Lithuania in the first place with round timber for the Timber Syndicate at Memel; petroleum products, coal, salt, superphosphates, and cotton fabrics. She occupies among countries of supply the third place; also her share in Lithuania's import is higher than in export trade.

In the fourth place comes Belgium, who furnishes chiefly iron and woollen yarns. Our imports from Belgium considerably exceed our exports thither, i. e. more than twofold.

From Holland are imported superphosphates, wireless apparatus, and artificial silk yarns; from Sweden and Denmark, motor-cars; from France, iron; from Switzerland, clocks and machinery; from the United States, petroleum products, cotton, and phosphates. The nomenclature of imports from other countries is sharply differentiated.

In general we can assert that Germany had the largest share in the increase of Lithuanian imports in 1937, owing partly to the fact that deliveries from that country in consequence of the conflict in 1935, had unusually declined, and the present rise has only restored the earlier relation. Otherwise imports from almost all other countries have absolutely increased, although as regards the percentage share, several changes have ensued. Only the imports from Czecho-Slovakia, Austria, Estonia, and Palestine evince an absolute and a percentage recession.

8. The Trade-Balance with separate Countries.

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It has already at the outset been pointed out that the liquidation of free-trade, which ensued during the last world economic crisis, and the transition to the quota system, have

Table No. 9.

Lithuania's Trade-Balances with separate Countries from 1928—1937 in million litas.

Countries	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Total Balance	—34.2	+23.4	+21.3	— 4.8	+22.2	+18.0	+ 8.5	+23.7	+34.5	— 4,3
Including:										
Great Britain	+33.0	+31.4	+40.9	+70.8	+60.3	+47.2	+27.6	+21.6	+35.1	+37.3
Germany	+ 1.4	+45.7	+48.5	— 5.2	+ 6.8	+ 1.2	— 7.0	— 9.2	+ 6.2	—11.9
U. S. S. R.	— 5.5	—11.8	— 8.7	— 8.9	— 3.5	— 5.2	+ 1.5	— 0.5	— 4.6	— 6.8
France	— 0.3	— 3.2	— 7.3	— 5.7	— 2.6	— 1.2	— 0.9	+ 2.7	+ 3.8	+ 4.2
Holland	— 3.8	+ 0.7	— 3.2	— 2.3	— 0.5	— 0.9	— 0.4	+ 1.9	— 1.5	+ 0.6
Belgium	+ 0.6	— 0.9	— 0.5	+ 2.8	— 4.2	— 3.1	— 1,5	+ 6.9	— 3,1	— 8.9
Czecho-Slovakia	—12.3	—18.4	—17.6	—19.4	—12.4	— 7.3	— 4.8	— 3.6	— 0.3	+ 0.06
U. S. A.	—18.1	—12.3	—12.1	— 8.8	— 5.3	+ 0.9	+ 0.8	— 0.8	+ 2.3	— 0.5
Sweden	— 2.4	— 3.3	— 3.5	— 3.6	— 1.7	— 1.4	— 0.4	+ 0.4	+ 0.8	— 2.3
Palestine	— 0.05	+ 0.14	+ 0.02	+ 0.02	— 0.09	+ 0.26	+ 0,7	+ 1.6	+ 2.8	+ 3.3
Switzerland	— 2.6	— 1.4	— 3.1	— 2.7	— 1.5	— 1.0	— 1.0	+ 0.7	— 0.6	— 0.1
Denmark	— 1.2	— 2.4	— 1.1	— 0.5	— 1.1	+ 0.4	+ 2.4	+ 2,3	+ 0.4	— 4.3
Austria	— 1.0	— 1.7	— 1.6	— 1.5	— 0.9	— 2,1	— 1.5	— 0.9	— 0.9	+ 0.6
Latvia	+ 7.0	+19.5	+ 9.4	+ 3,3	— 3.3	— 0.35	+ 2.2	+ 2.0	+ 1.4	— 0.4
Finland	— 0.6	— 1.4	— 2.2	— 1.8	— 1.9	— 1.4	— 0.6	+ 0.4	+ 1,0	+ 0.7
Estonia	— 3.9	— 1.8	— 3.2	— 3.2	— 2.0	— 0.4	+ 0,03	+ 0.08	— 0.2	+ 0.04

invested with great importance the question of the trade-balance in general and the trade-balances in traffic with individual countries in particular.

The development of Lithuania's trade-balance, both general and with individual countries, is shown in Table No. 9.

The development of Lithuania's general trade-balance is decidedly favourable. It has been in most years of the last decade active. The passive balance of 1937 has been easily covered with other active items of the payment balance.

Less favourable was the aspect of separate trade-balances, particularly in the crisis year 1932, when in trade with the sixteen most important countries, fourteen passive balances were opposed to two active ones. The introduction of the licence system has manifestly shown good results in this context, since already in the following year the number of active balances had increased to five, in 1934 to seven, and in 1935 to eleven.

The passivity of the balance in 1937 brought about a slight recoil in this improvement of the position. The greatest share therein was on account of the worsening of the trade-balance with Germany by 18 100 000 litas; with Belgium by 5 800 000 litas; and with Denmark by 4 700 000 litas. Also with Sweden, the United States, the U. S. S. R., Latvia, and Finland, the trade-balance shifted to the detriment of Lithuania, while in trade with other countries a slight improvement was attained. The long existent passive trade-balance with Czecho-Slovakia has been equalized and even concluded with a small active balance.

B. HOME TRADE

1. The Total Number and Classification of Commercial Undertakings.

In accordance with the information of the last census, there were in Lithuania between 1923 and 1925 in all 18 164 commercial undertakings with 37 487 employed persons. Of these, 1 581 undertakings with 5 057 persons pertained to the Memel Territory. On the basis of the statistics of the trade licences, 24 380 commercial undertakings were enumerated in Lithuania Major in 1937. Since the number of concerns in the Memel Territory is estimated at 1 800, the total number of commercial undertakings in the whole of Lithuania may amount to over 26 000, which for the last fifteen years implies a growth of over 40%.

A closer analysis of the statistical data forces us, however, to the conclusion that the rising tendency of our home trade-as regards the promotion initiative of individual undertakings-had already in 1931 reached its peak, and that since then the total number of commercial undertakings has materially fallen and still remains below that level.

The following table affords a review of the development from 1927—1937, conjointly with classification according to corporations:

Year	Total	I. Corp.	II. Corp.	III. Corp.	IV. Corp.	V. Corp.	I-III. Corp.
1927	20 959	124	3 584	12 433	3 837	981	16 141
1928	22 581	130	3 703	13 242	4 641	865	17 075
1929	22 429	125	3 679	13 312	4 767	546	17 116
1930	22 652	145	3 589	13 583	4 727	608	17 317
1931	22 767	170	3 615	13 602	4 654	727	17 387

1932	21 505	149	3 248	13 096	4 441	571	16 493
1933	20 793	127	2 894	12 482	4 828	462	15 503
1934	20 177	115	2 629	12 106	4 851	476	14 830
1935	21 981	110	2 567	11 478	5 745	2 081	14 145
1936	23 313	105	2 537	11 770	6 497	2 404	14 412
1937	24 380	120	2 552	12 445	6 793	2 470	15 117

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The figures contained in the first column show for 1937 an appreciably increased total of undertakings in comparison with 1931, but we see that the principal growth, i. e. more than 3 000 concerns, ensued in the years 1935 and 1936. As is [651] known, the Patent Tax for both industry and trade was considerably increased in 1935, the result being that many small traders, who had until then been exempt from the Patent Tax, since 1935 have had to take out a trade licence of the IV. or V. class. This supplementary tax naturally resulted in 1935 and to a great extent also in 1936 in a considerable increase of the total of the trade licences taken out, and solely this circumstance explains the statistical growth of the total figures of commercial undertakings in 1937 over the position of 1931. The figures classified according to corporations show this clearly; only the IV. and V. corporations affected by the supplementary tax since 1935 have appreciably surpassed the level of 1931.

Only the figures concerning the three first corporations afford comparable quantities and only these may therefore be adduced for a description of the contingent development of our home trade. The relevant figures in the last column of the foregoing table show us that the total number of commercial concerns steadily grew until 1931, but from 1932 to 1935 decreased by approximately one-fifth, and during the last two years, especially 1937, has again slightly risen. Although during the period of revival approximately 1 000 new undertakings were promoted, the position of 1927 could not once be reached in 1937; in comparison with 1931 the recession amounted to 13.1%.

The above cited figures relate to all commercial trade-licences, also therefore to the hotel business, credit and insurance companies, &c. It is therefore advisable to examine the statistics on the inner structure of commercial concerns, from which the following data emerge:

6: Anonymous U-4,5 (no date) 1938 RBS Lithuanians RB-

Structure of the Commercial Undertakings in Lithuania Major and its Development from 1929—1937.

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	1929	1930	1931	1932	1933	1934	1935	1936	1937
Total number of trade licences	22 429	22 652	22 767	21 505	20 793	20 177	21 981	23 313	24 380
I. Commercial Concerns in a narrower sense	18 018	18 132	17 945	16 937	17 069	16 132	17 056	17 336	18 108
II. Hawker's trade	719	641	535	710	222	496	1 640	2 257	2 135
III. Auxiliary branches of trade (middlemen, &c.)	496	514	746	601	544	600	559	786	907
IV. Hotel Business	2 556	2 693	2 831	2 604	2 283	2 094	1 970	2 055	2 301
V. Credit and Insurance	102	100	90	91	83	78	74	147	149
VI. Other Commercial Undertakings	538	572	620	562	592	597	682	732	780

The figures quoted under paragraph 1, segregated in this manner, of commercial concerns in a narrower sense, depict more accurately the development tendency of our home-trade than the amounts of all trade-licences. Through the segregation of the hawker's trade, the misleading operation of the tax law variations is to a large extent, if not entirely, eliminated. Classified according to categories, the development of commercial concerns in a narrower sense appears as under:

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Year	Total	Wholesale Trade (I. & II. Corp.)	Large-scale Retail Trade (III. Corp.)	Small-scale Retail Trade (IV. & V. Corp.)
1929	18 018	3 297	10 958	3 763
1930	18 132	3 179	11 045	3 908
1931	17 945	3 208	10 933	3 804
1932	16 937	2 830	10 760	3 347
1933	17 069	2 481	10 500	4 088
1934	16 132	2 284	10 288	3 740
1935	17 056	2 182	9 852	5 022
1936	17 336	2 220	9 834	5 282
1937	18 108	2 273	10 172	5 663

As regards, in the first place, the last column relating to 473
small-scale retail trade, the fluctuations from 1932—1934 were 442
elicited by transitory statistical-technical difficulties in the 443
separation of the hawker's trade, and for that reason possess no contingent significance. The same remark applies to the buoyant growth in 1935, which is attributable to the augmentation of the patent duty. The two remaining sets of figures regarding wholesale and large-scale retail trade indicate, despite a slight rise, particularly in 1937, a recession, which in comparison with 1929 amounts to 32.8% for wholesale trade, and to 7.2% for large-scale retail trade.

The circumstance that the number of wholesale commercial undertakings has suffered a decidedly more severe percentage recession than that of the large-scale retail concerns, proves that the shrinkage of promotion initiative in the framework of our home-trade cannot be interpreted as a consequence of the general concentration process of wholesale commercial undertakings at the cost of large-scale and small-scale retail trade, as in a certain sense it makes itself observable in the sphere of industry. The total of industrial concerns moreover shows no recession, but on the contrary a steady growth. In the framework of the total number, only the wholesale concerns are growing horizontally and vertically more rapidly than the small-scale retail ones. The dynamic of the development of our home-trade is, however, a diametrically opposite one: the total number of undertakings declines; the small-scale retail concerns show, after rectification of the statistical distortion in 1935-6, even a slight growth. Large-scale retail trade is receding only negligibly; and the number of wholesale commercial undertakings is shrinking most sharply. It may also be not uninteresting in this connexion to compare the figures of the complete categories of commercial and industrial trade licences with one another. This comparison gives the following characteristic result:

	1929	1930	1931	1932	1933	1934	1935	1936	1937
Wholesale Industrial Undertakings (I. — V. Class)	241	263	271	251	246	256	272	349	406
In %	100	109	112	104	102	106	113	145	168
Wholesale Commercial Undertakings (I.—II. Corp.)	3 297	3 179	3 208	2 830	2 481	2 284	2 182	2 220	2 273
In %	100	96	97	86	75	69	66	67	69

An examination of the classification of commercial undertakings (in a narrower sense) according to separate branches shows us, however, that the above indicated shrinkage process in the number of undertakings is in no way a generally applicable phenomenon for all branches. On the contrary, the decrease of undertakings is confined to certain special branches only, while other branches are even increasing. The following table best illustrates this development.

Classification of Commercial Undertakings in a narrower Sense according to Separate Branches.

	1929	1930	1931	1932	1933	1934	1935	1936	1937
1. Foodstuffs and Luxury Goods Trade	11 635	11 783	11 851	11 467	11 489	11 103	11 590	11 681	11 909
2. Agricultural Products	2 574	2 497	2 177	1 756	1 750	1 611	1 641	1 612	1 824
3. Combustibles ..	488	484	370	317	309	323	314	338	383
4. Machinery and Vehicles	234	249	257	154	156	127	122	126	157
5. Metal Wares and Furniture	580	477	532	555	556	514	570	749	768
6. Textiles and Clothing	1 586	1 574	1 664	1 694	1 723	1 576	1 641	1 662	1 813
7. Fancy Goods ..	416	509	571	490	595	500	651	650	686
8. Other Special Trades	505	559	523	504	491	458	514	518	568

The foregoing comparison comprises for the sake of completeness the commercial concerns in a narrower sense of all five corporations together which, it is true, suffers from the drawback that the data for 1932—1934, on the already examined statistical-technical grounds, are slightly distorted (this is chiefly the case for the textile branch) and the final figures of the three last years have been reckoned somewhat too high (especially for agricultural products*). Nevertheless the table correctly reflects the general development tendency. Thus we may assume that there are only three branches in which the employer's initiative was manifestly hampered, while the remaining branches reveal an average firm development tendency. The branches with shrinkage symptoms are: Trade in agricultural products (grain, flax, dairy supplies, eggs, cattle, poultry); trade in combustibles (timber, coal, and naphtha); and trade in machinery and vehicles. There are therefore involved only those branches of trade which, during recent years, have been passing more and more out of the hands of private promoters into the sphere of activity of the commercial cooperatives and the „Maistas" Joint-stock Company, which must inevitably automatically cause a decrease in the number of enterprises of the corresponding branches, the more so since most of the commercial cooperatives are exempt from the Patent Tax and are not included in the total figures of commercial undertakings which are calculated on the basis of the trade-licences issued. The enormous rise of the goods turnover of the „Maistas" Joint-stock Company and the cooperatives is described in the following section. 473

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*) For agricutural products in the first three corporations the reduced figures for 1929 amount to 1 271, and for 1937 to 672, which implies a recession of nearly 50%.

* * *

As regards the geographical distribution of commercial undertakings, besides Kaunas and Memel, Šiauliai and Panevėžys are the most important commercial centres of Lithuania. The following table depicts the development of the geographical distribution of wholesale and large-scale retail commercial concerns in a wider sense (I.- III. Corporations) in Lithuania Major from 1929—1937. 438 473

Geographical Distribution of Commercial Concerns.

Year	Total	Kaunas (City)	Šiauliai (District)	Panevėžys (District)
1929	17 116	2 418	1 846	1 128
1930	17 317	2 453	1 808	1 168
1931	17 387	2 654	1 782	1 172
1932	16 493	2 723	1 773	1 074
1933	15 503	2 674	1 717	1 047
1934	14 830	2 671	1 704	991
1935	14 145	2 532	1 634	949
1936	14 412	2 593	1 666	1 010
1937	15 117	2 690	1 662	1 018

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We see from the foregoing data that notwithstanding the decrease in the total figures, the number of Kaunas concerns in the period under review has grown; in consequence of this the percentage share of Kaunas has also risen from 14.1% in 1929 to 17.8% in 1937. The biggest rise in the number of Kaunas concerns falls to 1931—1932, when in connexion with tariff-technical facilities a number of import firms removed their headquarters from the small frontier town of Virbalis to Kaunas, and to 1936—1937, in the wake of the general economic upward trend. The wholesale commercial concerns, i. e. undertakings of the I. corporation, are, moreover, for the most part concentrated in Kaunas; of the 120 corresponding enterprises of Lithuania, 76 have their headquarters in that city.

While, as shown above, the total number of wholesale and large-scale retail commercial concerns in the rest of Lithuania has suffered an absolute reduction during the past decade, in spite of the revival of the last two years, the growth of commercial concerns in the Memel Territory is estimated at approximately 15%. This phenomenon is to be explained in the first place by the growth of the port trade (see the following chapter for details), which induced various firms to remove their headquarters to Memel or at least to open permanent branches at the port.

2. Total Figures of Goods Turnover

The statistical comprehension of the goods turnover of home-trade in the nature of things encounters greater difficulties than the calculation of the foreign trade turnover. The large number of small undertakings, among them the hawker's trade which with us is still relatively widespread and difficult mathematically to grasp, and most of all the absence still of any sharp cleavage between wholesale and retail business generally aggravate the task of determining the total amounts of the turnover and render their clarification from parallelism quite impossible. The State Central Statistical Bureau on these grounds has hitherto published no relevant data.

One must therefore be content only with substitute figures and estimates. As such may be mentioned: The data on tax receipts; the foreign trade turnover; the reports of the coope-

rative societies (which, however, in the first place reflect only 473
the constantly growing rôle of the cooperatives in our economic 438
life and therefore do not permit any conclusions on the turnover of the total home-trade) and, finally, the results of an inquiry organized by our Chamber of Commerce.

In the tax statistics contingent postponements during se- 651
parate years are expressed only in a distorted form, because 473
the tax receipts of each single year, besides the taxes assessed on the basis of the turnover in the previous year, contain also arrears from earlier years. Naturally, therefore, the contingent position of the payment year, and not the assessment year, is conclusive for the payment receipts. Bearing in mind the foregoing objections, the tax statistics none the less provide a certain guide and afford us, in the absence of other sources, a summary over a larger series of years.

According to the reports of the State Control, the tax receipts (without the Memel Territory) from trade from 1930—1936, were as follows (in 1 000 litas):

Year	Total	Patent Tax	Profit Tax
1930	8 182.7	2 458.3	5 724.4
1931	8 231.1	2 250.9	5 980.2
1932	7 901.5	2 306.4	5 595.1
1933	7 027.7	1 894.6	5 133.1
1934	6 357.9	2 014.7	4 343.2
1935	6 662.1	2 026.2	4 635.9
1936	6 852.3	1 997.9	4 854.4

The second column respecting the Patent Tax once more confirms the accuracy of the deductions of the former section in regard to the reduction in the number of undertakings of wholesale and large-scale retail trade, and shows that even the extension of tax liability to hitherto tax-free small enterprises in 1935 could not compensate for the decline in the Patent Tax returns.

The third column respecting the Profit Tax, for the reasons above discussed, may only with reserve be regarded as a substitute reflecting the trade turnover. Nevertheless, for the purpose of comparison of the development tendencies of trade and industry, it can, in the first place, be contrasted with the analogous data on the industry tax receipts; the accuracy of the

651 comparison cannot be doubted because equivalent factors are
473 involved. This contrast furnishes the following result:

Profit Tax in 1 000 litas	1930	1931	1932	1933	1934	1935	1936
Industry	2 640.6	2 743.3	2 217.5	2 606.7	2 373.3	2 463.2	3 177.2
Trade	5 724.4	5 980.2	5 595.1	5 133.1	4 343.2	4 635.9	4 654.4

On the basis of the foregoing comparative figures, we may reckon that in comparison with 1930 the taxation capacity of industry in 1936 increased by 20%, whereas simultaneously the Profit Tax returns of trade receded by 15%.

This comparison fully illustrates that the position of trade
439 is much more unfavourable than that of industry, which is
473 chiefly due to three factors:

1. The large share of foreign trade in the total goods turnover (direct export and import can be estimated at approximately 40%, and by adding the turnover between wholesale and retail trade the share exceeds 60%) renders our trade to a greater degree dependent upon the fluctuations of the world trend than is the case with our youthful industry, which works chiefly for the home market.

2. For the same reasons, in the sphere of trade, in connexion with the international shrinkage of import, quotas and compensation agreements, private initiative seems far more hampered than in relation to industry.

3. The vigorous growth of the cooperatives, whose object is as far as possible to eliminate intermediate trade, was bound in the nature of things to aggravate the position of private trade in corresponding branches and thereby force down the total turnover amount.

We shall, it is true, in the further course of our deductions see that the decrease in the trade turnover is only an ad valorem one, and that its quantitative scope has even increased. This fact, however, in no way prejudices the validity of what has already been stated, because the proportion between the comparative taxation figures relating to trade and industry is not displaced thereby but remains identical.

651 In view of the fact that in crisis years, when the amount
439 of the trade turnover sinks, tax assessments for budgetary
473 reasons as a rule are imposed too high, this circumstance must
be taken into consideration for the purpose of the index calcu-

lation of the trade turnover on the basis of the tax statistics, 651
and an appropriate clarification effected. 439

To reinforce this assertion we compare first of all the per- 473
centage development of the Profit Tax receipts from 1930—1936 (the tax is valid at times for the preceding year) with the index already calculated in the previous chapter of the ad valorem development of our foreign trade turnover from 1929—1935. We obtain in this manner the two following sets of figures:

	1929	1930	1931	1932	1933	1934	1935
Foreign Trade Turnover..	100.0	101.5	86.6	55.9	47.5	44.9	44.1
Trade Turnover on the basis of tax receipts	100.0	105.5	97.7	89.7	75.9	80.9	84.8

One must bear in mind that the home-trade turnover, [438]
especially in respect of commodities of fixed demand (chiefly foodstuffs) which constitute the relatively most important item of the turnover, is far less subject to trend fluctuations than foreign trade. The growth of domestic industrial production must likewise extend the scope of the home-trade turnover. On the other hand, however, one may not forget that the retrogression of our foreign trade turnover is in the first instance due to the fall of prices, and that its quantitative scope, as has been demonstrated in a previous chapter, even in the crisis years remained above the level of 1929. The fall of prices has approximately in the same manner affected the foreign and home-trade turnovers. If therefore the tax receipts correctly reflected the trade turnover, then this would mean, in consideration of the high percentage share of foreign trade, that the home-trade in inland goods already in 1935 had attained a turnover which, in comparison with 1929, was ad valorem one and a half times, and quantitatively three times larger, which, it goes without saying, cannot correspond to reality.

On the basis of reliable estimates, the turnover assessments 651
of the Tax Inspectorate in the crisis years, in relation to the 438
firms with non-public accounting, were fixed too high. Since on the firms with public accounting, for which the tax is assessed according to the actual turnover, approximately one-fifth of the Profit Tax total devolves, the figures for the total receipts since 1932 have had to be cut down a quarter in round figures in order to depict the real total turnover.

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The tax statistics at our disposal relate to the turnover from 1929—1935. According to our estimates the trade turnover in 1936 in comparison with the preceding year rose by 25% and in 1937 by 15%. After the above discussed correction has been made we get the following index figures of the ad valorem development of our total trade turnover:

1929	1930	1931	1932	1933	1934	1935	1936	1937
100	106	98	67	57	61	64	80	92

The above index being based upon estimates cannot lay claim to a hundred per cent accuracy, but its final figures are nevertheless assessed rather too high than too low. To its plausibility inter alia testifies the circumstance that it corresponds approximately to the average of the indices of the foreign trade turnover and of the industrial production, taking into consideration the price changes that have ensued since 1929.

The ad valorem recession of the goods turnover sums is not, it goes without saying, synonymous with the quantitative recession. The quantitative scope of our goods turnover has, on the contrary, appreciably increased, as the following volume index, calculated on the strength of the price-index of Lietuvos Bankas, shows:

1929	1930	1931	1932	1933	1934	1935	1936	1937
100	122	132	109	105	117	139	174	174

The last index group demonstrates the considerable increase of domestic consumption. Since the volume index of the foreign trade turnover for 1937, calculated in the previous chapter, amounts to only 139.3, this means, if we estimate the share of foreign trade at 40%, that the home trade in domestic commodities has almost doubled from 1929 to 1937, wherein both the rise of home industrial production and the improvement of the standard of living are revealed.

Expressed in absolute figures, according to our estimate, the total trade turnover in the past year (1937) may have reached 900 000 000 litas. The turnover of the Memel Territory is not included in this sum because data are lacking for an estimate in this connexion.

3. Share-capital in Lithuanian Trade

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The rôle of joint-stock companies in the total figure of our wholesale commercial undertakings is relatively unimportant. In 1937 there were in Lithuania only 32 joint-stock companies, which were engaged in merchandise trade, in a narrower sense, with a total capital of 8 900 000 litas; and three companies engaged in the warehousing and forwarding business with a share-capital of 300 000 litas. Only a few companies among these have a share-capital of more than a million litas, while for half of all the companies the capital amounts to less than 200 000 litas. The development since 1928 is clear from the following table:

Year	No. of Companies	Share-capital in 1 000 litas	Year	No. of Companies	Share-capital in 1 000 litas
1928	14	3 211	1933	32	9 485
1929	19	5 725	1934	32	8 640
1930	22	7 100	1935	31	9 057
1931	28	9 400	1936	30	8 232
1932	32	9 759	1937	32	8 907

We see from the foregoing that the number of commercial undertakings organized as joint-stock companies has remained stationary since 1932, and that the total amount of their capital since then has decreased by 9%.

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The development of the participation of foreign capital in our commercial organizations shows, just as the reduction of foreign indebtedness described in another chapter, the progressive emancipation of our economy from alien influence and its financial strengthening. The share of foreign capital has fallen from 24.5% in 1931 to 6.1% in 1937. The following figures illustrate the course of this development:

	1931	1932	1933	1934	1935	1936	1937
Foreign Capital in Lithuanian Joint-stock Companies, in 1 000 Litas	2 310	2 305	1 870	1 747	920	260	544

In the above quoted total figure of commercial joint-stock companies our most important commercial organization is not

473 included, because, since it simultaneously belongs to the biggest industrial enterprises, it is shown among the latter. This remark refers to the „Maistas“ Joint-stock Company, whose rôle in our foodstuffs industry has already been discussed in the relevant section. The following figures relate therefore solely to its share in our trade turnover.

The „Maistas“ Company, 69.8% of whose shares are held by the Government, has since 1935 virtually monopolized the entire export trade of Lithuania in meat, cattle, and poultry (the residue pertains to frontier trade) and therefore as a single enterprise in 1937 reached a share of 22.5% in Lithuania's total exports. Its total foreign and home-trade turnover amounted to 60 000 000 litas and was exceeded only by that of the Central Union of Agricultural Cooperatives, „Lietūkis“.

473 The following table illustrates the course of growth of the
share of „Maistas“ in our export trade during the last ten years
439 („Maistas“ has been operating already since 1923, but began
to play an important part in our economy, properly speaking,
only after 1930):

Year	Total Lithuanian Exports of Cattle, Poultry, Ham, and Meat Products, in Million Litas	Share in Total Export Trade	Total Export of „Maistas“ in Mil. Lt.	Percentage Share of „Maistas“ in:	
				Exports of Cattle, Poultry, Meat, Ham, &c.	the Total Export Trade
1928	31.8	12.4%	1.3	4.0%	0.5%
1929	69.1	20.9%	5.9	8.6%	1.8%
1930	107.3	32.2%	24.8	23.2%	7.4%
1931	112.9	41.3%	42.9	38.1%	15.8%
1932	68.5	36.2%	42.8	62.5%	22.6%
1933	63.0	39.3%	42.3	67.2%	26.4%
1934	45.3	30.8%	34.9	77.0%	23.7%
1935	34.4	22.6%	32.7	95.1%	21.5%
1936	48.1	25.2%	42.7	88.8%	22.4%
1937	51.9	24.9%	46.9	90.3%	22.5%

The principal export articles of „Maistas“ are bacon and live pigs. Bacon is sold exclusively to England, and live pigs to the U. S. S. R. and Germany. The export of bacon reached its peak precisely in the crisis years 1932 and 1933, and was largely instrumental in equalizing the shrinkage of export of other

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articles in our trade-balance at that time, which must be entered to the credit account of „Maistas“. When after the Ottawa Conference England greatly expanded her imports of agrarian products from the Dominions, to the detriment of her former European suppliers, our bacon exports also receded, whereby the export structure of „Maistas“ was materially altered. The following two comparative tables elucidate this relationship:

I. The Structure of English Bacon Imports

	1931	1936	1937
England's bacon imports, in million £ . .	33.1	27.3	29.3
Including in % from:			
Dominions	0.5	15.7	19.2
European countries . . .	97.7	84.1	80.7

II. The Bacon Exports of „Maistas“

	1931	1932	1933	1934	1935	1936	1937
Exports of bacon, in million litas .	30.3	32.5	37.7	27.6	15.0	20.3	20.8
Share of bacon exports in total export of „Maistas“ in %	70.6	76.0	89.0	79.1	45.9	47.4	44.4

Although bacon sales in recent years have receded ad valorem by nearly half (and quantitatively by more than half), „Maistas“ was able, through the transposition of export to other articles, chiefly live pigs, but also through the building up of poultry and canned goods export, not only to make good the recession of bacon exports, but also in 1937 ad valorem to overtake by 9.3% the pre-crisis position (1931) of its total export trade.

Lithuania's total export of corresponding products during the same period not only, under the operation of the fall in prices, declined ad valorem by 54% but also quantitatively (on the basis of the price-index of Lietuvos Bankas) by 25%.

438 473 The home-trade turnover of „Maistas", which maintains 47 places of sale for meat and canned provisions throughout Lithuania, has constantly grown. In 1927 it amounted to 4 400 000 litas; in 1936 it had already reached 10 100 000 litas; and in 1937 it had risen to 13 100 000 litas.

4. The Rôle of the Cooperative Societies

474 438 The significance of the cooperatives in our trade can best be illustrated by the fact that their sales in 1937 amounted to more than 200 000 000 litas. During the last ten years they have quadrupled in value, and quantitatively even increased eightfold.

The course of this expansion can be studied in the following table:

Sales of the Cooperative Societies (in 1 000 litas)

Year	„Lietūkis"	Trade Cooperatives	„Pienocentras"	Total
1928	12 129	23 520	13 662	49 311
1929	29 393	52 255	25 999	108 647
1930	23 117	44 992	43 854	111 963
1931	36 743	44 950	46 102	127 795
1932	28 853	37 314	45 182	111 349
1933	32 063	37 534	36 163	105 760
1934	37 617	37 342	36 329	111 288
1935	60 530	46 427	42 438	149 395
1936	73 715	55 560	55 897	185 172
1937	72 823	65 046	65 730	203 599

The Union of Agricultural Cooperative Societies of Lithuania „Lietūkis", which was founded in 1923 and in the first year of its existence counted only 26 cooperative societies as members, and whose annual sales from 1923 to 1929 on an average amounted to 10 000 000 litas, since the revision and amendment of the statutes in 1930, has become the most important commercial undertaking of Lithuania. The aims which it pursues consist, in the sense of the by-laws, in promoting agriculture and rural industry; organizing trade in agrarian products, and reconciling the interests of consumers and producers.

To-day „Lietūkis“ counts 111 cooperative societies as its members. Besides the central establishment in Kaunas it maintains 16 branch establishments in the provinces; three elevators, viz., at Memel, of 30 000 tons capacity; at Šiauliai, of 3 250 tons capacity; and at Kaunas, of 2 250 tons capacity. Furthermore at Šiauliai it possesses a central flax warehouse, and 18 grain warehouses at various other places. Since the end of 1937 it has managed its own flour-mill at Kalvarija, Suvalkai.

The goods turnover of „Lietūkis“, after the overcoming of the crisis years 1932—1933, has constantly grown. The negligible recession in 1937 by 890 000 litas or 1.2% of the turnover was due solely to the reduction of grain export in consequence of the unfavourable harvest.

If, however, we take into consideration that the grain turnover of „Lietūkis“ in connexion therewith decreased from 21 300 000 litas in 1936 to 10 600 000 litas in 1937, it should also be pointed out that its turnover with other commodities not only has not receded but, on the contrary, has risen by 10 300 000 litas. Inter alia in 1937, in comparison with the previous year, there increased: The turnover with flax from 4 800 000 litas to 6 700 000 litas; with sugar from 15 500 000 litas to 17 500 000 litas; with naphtha products from 5 900 000 litas to 6 700 000 litas; with agricultural and other machinery from 2 200 000 litas to 3 600 000 litas; with cement from 1 900 000 litas to 2 800 000 litas, &c.

The percentage share of „Lietūkis“ in the Lithuanian total turnover of many important commodities amounts to: In the import of fertilizers 100%; in salt import 92.5%; in the import of agricultural machinery 80%; in cement import 42%; in the import of naphtha products 40%; in the import of herrings 10%; in iron import 5%; in the export of grain 85%; in the export of flax 27%; and in the sale of sugar (of inland production) 69%;

The second column of the above quoted table shows the development of goods sales of the trade cooperatives, the number of which to-day amounts to 180. It includes both agricultural cooperative societies, which for the most part are organiz-

474 438 ed in „Lietūkis“, but which effect their sales on their own account, and other quite independent consumer unions. Among the latter mention should be made of the following:

1. „Parama“, which carries on the grocery trade and in Kaunas and neighbourhood owns 30 sale establishments. Its turnover amounted in 1937 to 5 200 000 litas against 4 800 000 litas in 1936 and 4 500 000 litas in 1935. „Parama“ owns also its own bread bakery, the biggest in Lithuania, the production of which in 1937 reached 5 900 000 litas.

2. „Spaudos Fondas“ engages in the book and stationery material trade, also in book publishing. It maintains three sales establishments in Kaunas and ten in the provinces. The turnover reached 6 100 000 litas in 1937 against 5 400 000 litas in 1936 and 4 600 000 litas in 1935.

3. „Karių Ekonominė Bendrovė“, a military consumers' union, maintains in Kaunas its own organized warehouse-like emporium. In 1937 its turnover reached 2 600 000 litas against 2 900 000 litas in 1936, and 3 100 000 litas in 1935. It is the only cooperative society whose turnover, if only negligibly, has declined.

4. „Marginiai“ engages in the sale of articles of folk art and household industry. It maintains a branch establishment at Šiauliai. In 1937 the turnover amounted to 211 334 litas against 158 783 litas in 1936, and 142 320 litas in 1935.

The total turnover of all trade cooperatives, which already in 1929 had reached the amount of 52 200 000 litas, stayed until 1935 below this level. In 1936, however, it rose to 55 800 000 litas and in 1937 to 65 000 000 litas.

The Central Union of Lithuanian Dairy-farming Cooperative Societies „Pienocentras“ belongs formally it is true, not to the trade cooperatives but to the production cooperative societies, but in view of its important share in the goods turnover, especially in the export trade, we will describe its rôle in this section.

474 438 439 The union „Pienocentras“, which was founded in 1926, counts to-day 192 dairy-farming cooperative societies as members. It disposes in all of over 2 052 milk-skimming stations, and is served by 91 491 milk-purveyors. It owns the monopoly of butter and egg export. Its share in the total export of Lithuania amounted in 1937 to 26.1%. Concurrently it maintains

also inland 17 sale emporia and eight breakfast rooms and in 437
1937 attained on the home market a turnover of 7 200 000 litas. 438
The growth of the goods turnover of „Pienocentras“ and 439
its structure are shown in the following three tables:

1. The Structure of the Total Turnover of „Pienocentras“ (in 1 000 litas)

Year	Total Turnover	Whereof	Including:		Percentage Share in Total Lithuanian Export	B. Domestic Sales
		A. Export	1. Butter	2. Eggs		
1927	5 981	3 971	3 950	—	1.6	2 010
1928	13 662	10 437	10 437	—	4.1	3 225
1929	25 999	20 888	20 786	102	6.3	5 111
1930	43 854	35 200	34 866	334	10.5	8 653
1931	46 102	37 790	37 055	735	13.8	8 312
1932	45 182	37 079	36 045	1 034	19.6	8 103
1933	36 163	29 909	29 150	789	18.7	6 245
1934	36 329	30 231	28 816	1 397	20.5	6 098
1935	42 438	35 948	33 866	2 046	23.6	6 490
1936	55 897	48 228	42 042	6 151	25.3	7 668
1937	65 730	54 470	47 065	7 375	26.1	7 187

2. Butter Export of „Pienocentras“

Year	Total Butter Export of Lithuania, in Tons	Butter Export of „Pienocentras“, in Tons	Percentage Share of „Pienocentras“
1927	2 051	551.2	26.9
1928	2 643	1 374.6	52.0
1929	4 084	2 810.4	68.8
1930	7 357	6 024.4	81.9
1931	8 705	7 480.9	85.9
1932	9 926	9 280.9	93.5
1933	9 580	8 674.2	90.4
1934	9 671	9 589.9	98.9
1935	12 154	12 101.2	99.6
1936	14 629	14 302.4	97.8
1937	15 058	14 964.4	99.4

3. Egg Export of „Pienocentras"

Year	Total Export of Eggs from Lithuania, in 1 000	Egg Export of „Pienocentras". in 1 000	Percentage Share of „Pienocentras"
1929	55 509	361	0.6
1930	55 188	1 567	2.8
1931	60 998	4 815	7.9
1932	45 790	8 757	19.1
1933	28 796	7 523	26.1
1934	19 247	16 074	83.5
1935	27 798	26 758	96.3
1936	67 184	66 542	99.0
1937	77 063	74 136	96.5

On the basis of the data contained in the foregoing tables, we may form the following conclusions:

1. The total turnover of „Pienocentras" since the foundation year until 1931 grew uninterruptedly. Owing to the crisis years, this growth was interrupted; yet the falling-off in the turnover was not quantitative but evoked by the fall of prices. During the last two years, however, the position of 1931 has also been appreciably exceeded, in 1937 by 42.5%.

2. Nearly 90% of the total turnover of „Pienocentras" devolves upon export. Of this percentage approximately 85% consists of butter export and 15% of egg export. Butter export already since 1934 and egg export since 1935 have been conducted by „Pienocentras" on a monopoly basis. Foreign trade statistics show that simultaneously with the growth of the share of „Pienocentras", Lithuania's total export of corresponding commodities has considerably grown, which proves that the extension of our butter export trade more particularly must be entered solely to the credit account of „Pienocentras". Since 1927, that is, since the time when „Pienocentras" began to engage in butter export, the Lithuanian butter exports have grown quantitatively more than sevenfold, and during the last four years alone, since „Pienocentras" enjoyed a monopoly, amount to an increment of 57%.

[438]

3. The domestic sales do not reveal so favourable a development as export. Ad valorem they were in 1937 still below the level of 1931, although, having regard to price variations, their quantitative scope has risen approximately by 30%.

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At the end of this section we furnish one more comparative table, which shows us the development of the share of our three largest commercial organizations, viz., „Lietūkis", „Pienocentras", and „Maistas", in Lithuania's total export trade.

Year	Export of „Pienocentras", in 1 000 Litas	Export of „Maistas", in 1 000 Litas	Export of „Lietūkis", in 1 000 Litas	Total in 1 000 Litas	Share in Lithuania's Total Export Trade, in %
1928	10 437	1 266	1 000	12 703	4.9
1929	20 888	5 948	1 000	27 836	8.3
1930	35 201	24 849	10 986	71 036	21.3
1931	37 790	42 904	8 127	88 821	32.5
1932	37 079	42 814	952	80 845	42.7
1933	29 909	42 323	1 431	73 663	45.9
1934	30 231	34 880	2 520	67 631	45.9
1935	35 948	32 734	18 949	87 631	57.5
1936	48 228	42 723	18 209	109 160	57.3
1937	54 470	46 855	8 603	100 928	52.8

The figures of the foregoing tables confirm the accuracy of the assertion expressed in the chapter on foreign trade, that the relatively favourable development of our export trade during the crisis years should be entered to the credit account of „Maistas" and „Pienocentras". („Lietūkis" exports chiefly grain and its export is therefore, in dependence on the nature of the harvest, subject to severe fluctuations). Indeed, precisely in the years 1931—1935, when the value amount of our export trade was constantly sinking, did the share of our public commercial institutions grow most vigorously, whereas during both last years of the upward trend, when also private initiative began more strongly to manifest itself, it receded in a percentage sense.

5. The Dynamic of Price Development.

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In the valuation of industrial production and the calculation of its index as well as in the estimate of the volume of the foreign and home-trade turnover, we have already been able to

435 determine the important rôle of price variations during the last ten years. In the specific structure of Lithuanian economy, i. e. the economy of an agrarian land, which must procure the most essential industrial supplies from abroad in exchange for its agrarian products, price equalization, or the so-called „scissors“ between the prices of agricultural and industrial staples, is the most important factor of contingent development. Since our industry heretofore has as yet provided hardly any means of production, the production of articles of consumption could cover only a part of the domestic demand, and since the portion of the population engaged in industry is as regards percentage negligible, the industrial crisis in Lithuania, which for the rest had only a slight and short-lived course, must be considered merely as a secondary phenomenon of the agrarian crisis. The causes of the economic stagnation, as Lithuania experienced it from 1932 to 1935*), repose in the sphere of foreign trade. In the chapter on foreign trade we saw, however, that our foreign trade turnover quantitative ly even in the crisis years remained above the level of 1929. This proves that the crisis was occasioned chiefly by the disturbance of the equilibrium of prices. [457] Our trade-balance indeed remained active in the crisis years, thanks to the licence system. We must, however, bear in mind that just as in foreign trade, on the home-market also equilibrium is disturbed by the price scissors, when every farmer must deliver correspondingly more of his produce in order to obtain an equivalent quantity of industrial supplies, whereby inevitably both his consumption is stifled and his zest for production discouraged.

The development of prices in Lithuania is shown by the following index groups, which are taken from the „Lietuvos Bankas Biuletenis“ (1926—29=100):

Year	Total Price-Index	Agrarian Products	Industrial Raw Materials and Supplies	The Scissors
1927	100	100	101	— 1
1928	102	105	99	+ 6
1929	97	99	95	+ 4

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*) The autumn of 1931 is to be taken as the beginning of the crisis, which has already influenced many year-end figures of that year.

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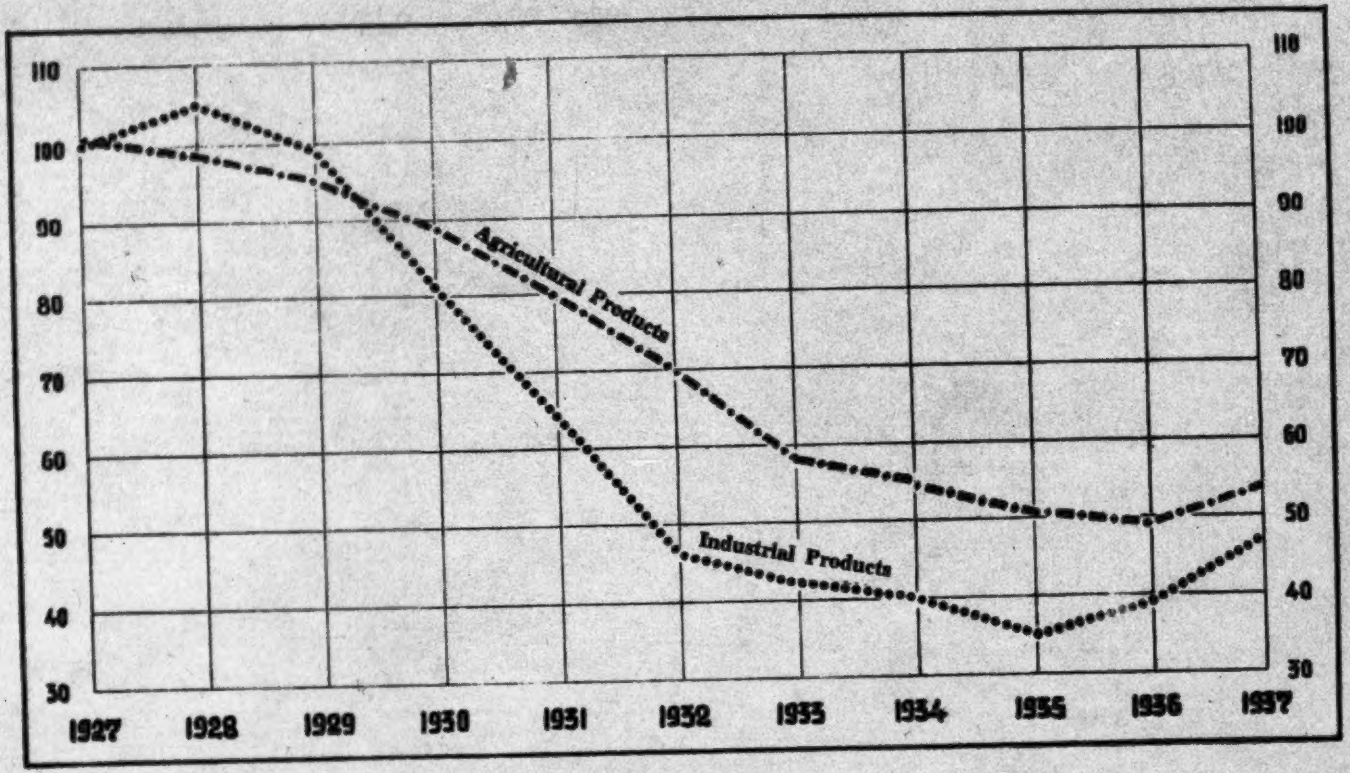
Diagram No. 5.

The Price Scissors of Agricultural and Industrial Products (1926—1929=100).



6: Anonymous U-4,5 (no date) 1938 RB5 Lithuanians RB5

1930	84	81	89	— 8
1931	72	64	80	—16
1932	59	46	70	—24
1933	52	42	58	—16
1934	50	40	55	—15
1935	45	35	51	—16
1936	45	39	49	—10
1937	51	47	54	— 7

The development course of the scissors confirms the accuracy of what was said at the outset: at the time of the most favourable trend the scissors were inconsiderable or even to the advantage of agrarian prices; during the crisis they amounted to 15 to 24 points, and after their subjugation at the time of the new advance, they sank to seven points.

For the sake of comparison, we adduce below the index figures of the world market prices calculated by the Statistical Office of Germany and converted by us to the basis year 1927. They show:

Year	Agrarian Products	Industrial Supplies	The Scissors
1927	100	100	—
1928	98	97	+ 1
1929	91	103	—12
1930	68	87	—19
1931	49	65	—16
1932	38	53	—15
1933	35	50	—15
1934	34	47	—13
1935	34	48	—14
1936	38	49	—11

The comparison shows us that the final figures of both index groups of the world market prices agree with our price-index, but that the course of development was a more diverse one. This distinction explains to us also one of the principal reasons why the last crisis began in Lithuania two years later than on a world scale. On a world scale the scissors' extension of 12 points had already been reached in 1929, but in Lithuania one of 16 point for the first time in 1931. The fact that the maximum extension with us counted 24 points, but on a world

scale only 19 points is due to the agrarian character of our 435
country and its dependence upon export.

In order to ameliorate the disadvantageous operation of the 656
scissors, the Government since 1931 has introduced fixed prices 435
for several of the most important staples, such as grain, butter, eggs, and live pigs, whereby the difference between the world market price and the prices established for the home-market is made good by the State Treasury. The cost of this support for the period until the end of 1937 amounted to 133 800 000 litas and for the last three years alone to over 50 000 000 litas, in which context it should, however, be mentioned that in consequence of the attraction of world market prices for pigs, their subvention was suspended two years ago.

For a series of important commodities prices are regulated by a Price Controller. The fixing of maximum prices, especially for imported industrial goods, is undertaken on the basis of the world market prices and pursues the object only of putting a stop to a speculative bull movement and of checking dishonest competition.

The above-mentioned politico-economic measures of the Government have indubitably contributed to the relatively easy bridging over of the crisis.

The development of our retail prices for several of the more 435
important characteristic commodities from 1929 to 1937 is shown by the following table collated on the basis of data of the Central Statistical Bureau:

A. Prices of Agrarian Products, in Litas.

Year	Rye, 50 klgrs.	Linseed, 1 klg.	Flax, 1 klgr.	Live Fattened Pigs, 50 klgrs.	Bacon, 1 klgr.	Unsalted Butter, 1 klgr.
1929	22.80	0.79	2.10	115.00	3.20	6.85
1930	11.30	0.68	1.50	96.00	3.05	6.00
1931	12.60	0.40	0.95	66.00	2.15	5.05
1932	12.30	0.26	0.84	50.00	1.45	4.10
1933	9.10	0.30	1.00	47.00	1.30	3.30
1934	9.00	0.32	0.95	44.00	1.25	3.10
1935	6.20	0.27	1.28	29.00	0.85	2.75
1936	7.20	0.24	1.12	35.00	1.05	2.80
1937	9.80	0.28	1.27	46.00	1.40	3.05

B. Prices of Industrial Supplies, in Litas.

Year	Soft Sugar, 1 klgr.	Sole Leather, 1 klgr.	Printed Calico, 1 metre	Spruce Boards, 1 m^3	Coal, 100 klgrs.	Iron, 1 klgr.
1929	1.15	15.90	2.65	119.40	12.80	0.50
1930	1.10	14.50	2.55	124.00	12.00	0.49
1931	1.10	13.10	2.25	115.00	11.20	0.42
1932	1.25	11.20	1.95	97.00	10.40	0.32
1933	1.30	9.50	1.50	71.00	9.00	0.28
1934	1.30	8.80	1.50	67.00	8.40	0.27
1935	1.26	7.45	1.35	59.50	7.80	0.28
1936	1.00	7.40	1.32	58.00	7.60	0.28
1937	1.00	7.70	1.37	75.00	8.10	0.39

III. GOODS TRANSPORT

p. 123 [p 124 is blank]

1. Railway Goods Transport.

The total length of our railway lines amounts to 1 778 kilometres. Of this total 1 230 klms. pertain to the broad-gauge lines and 548 klms. to the narrow-gauge lines. Of the newly-constructed lines finished during the last ten years, for goods transport the most important is the Telšiai - Kretinga Railway completed in 1930—1932. The object of this line, which it fulfils, is to provide better connexion between the port of Memel and the hinterland. This new line is 71 klms. in length.

The railway rolling-stock to-day disposes of 4 351 goods waggons. In 1937 1 567 waggons were equipped with more modern ventilation. Moreover, 20 new goods trucks were built; 20 cattle transport waggons and 22 refrigerator waggons acquired, and 67 goods waggons converted into refrigerator waggons.

The following comparative figures show the development of railway goods transport:

	1929	1930	1931	1932	1933	1934	1935	1936	1937
Total annual quantity, in 1 000 tons	2 079	1 993	2 164	1 599	1 722	1 853	2 003	2 193	2 352
Monthly average, in million ton-klms	28.3	28.0	31.9	22.0	20.6	23.4	24.7	25.8	28.3

The figures of the first row strikingly reflect the contingent development of our economy. After the peak reached in 1931 followed the sudden drop in 1932 caused by the crisis; then the compensation for losses until 1935 and finally a new ascent in 1936 and 1937, far above the level of 1931.

The circumstance that the monthly average reckoned in ton-kilometres in 1937 also still remains below the position of

496 the years 1929—1931 is attributable chiefly to the cessation of Russo-German goods transit through Lithuania which-as described later-since 1931 has been entirely suspended, and to whose credit, thanks to the intersection of the entire territory of the country in earlier years, the higher number of ton-kilometres must be laid. The rise of inland navigation on the Nemunas (see below) and the extension of motor-lorry traffic may also have played a definite rôle. The number of registered motor-lorries, especially in 1937, has appreciably risen, as we can see from the following data:

1929	1931	1935	1936	1937
309	431	322	393	564

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429 The appended table illustrates the most important commodities of railway goods transport and the development of their share in recent years:

Railway Goods Transport (in 1 000 tons).

	1929	1931	1935	1936	1937
Timber	609.7	620.5	447.1	459.7	639.2
Grain	198.4	139.2	295.2	250.2	81.5
Animals and Poultry	29.9	42.2	147.2	180.0	185.5
Sugar - beets	—	57.9	110.1	125.1	123.9
Fertilizers	139.9	113.7	100.3	109.3	130.5
Coal	115.0	116.2	108.8	105.9	153.1
Bricks & Glay Products	57.3	160.6	75.2	75.3	102.3
Cement	50.0	71.8	48.4	57.5	76.4
Molasses	—	—	24.6	53.4	55.2
Naphtha Products	42.1	47.5	41.8	43.6	45.5

The apportionment of goods transport among separate railway stations shows an extremely characteristic development:

Goods Transport of the Most Important Railway Stations (in 1 000 tons).

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	1929	1931	1935	1936	1937
Memel	473.1	611.5	795.3	831.6	823.3
Kaunas	419.2	492.3	401.8	452.3	513.8
Obeliai	425.4	611.8	260.8	224.9	213.8
Joniškis	149.7	116.6	152.5	139.9	213.0
Pagėgiai	594.5	435.4	119.8	119.4	218.3
Virbalis	274.5	212.6	45.4	69.5	88.7

The recession of the goods turnover of both Lithuanian-German frontier stations, Pagėgiai and Virbalis, in 1935 and 1936, reflects first of all the shrinkage shown in the previous chapter of our foreign trade communication with Germany. Since the normalization of Lithuanian-German commercial relations a revival tendency in the turnover was observable in 1937. Above all, however, we see in the foregoing table the tremendous advance of transport to and from Memel, which is due to the ever-increasing importance of that port in our economic life. The importance of our new line of communication, Telšiai - Kretinga, which was opened in 1932, has already been pointed out. The building of this line, as also the introduction of the reduced goods transport tariff in traffic to and from the port of Memel, whereby a more favourable differential rate was granted, has to a great extent contributed to the increase of railway goods transport via Memel during recent years. [651]

The decline of goods transport via Obeliai, the Lithuanian-Latvian frontier station, over which formerly goods transit between Germany and Russia developed, is to be ascribed to the suspension of transit from Germany via Lithuania since 1931.

2. Memel Port Traffic.

The importance of the port of Memel for Lithuania's economic life appears from the fact that, according to the data of the Customs Statistics, in 1937 via Memel 75.5% of our export trade and 68.2% of our import trade were conveyed. 504

504 Under German rule, Memel, as the northernmost situated port, which lacked a hinterland, did not acquire full importance, and served exclusively timber transport. For the first time under the Lithuanian regime a rising period began for Memel port. The indispensable investment works, which for the first time rendered the port accessible to the navigation of larger oceangoing vessels, demanded heavy outlays, the redemption 653 of which will take a long time. The Government during the 504 past fifteen years has laid out 39 000 000 litas on construction work and cost of up-keep of the port, while during the same time the receipts reached only 9 500 000 litas. Besides these directly invested sums for the extension of the port, no less considerable amounts have been expended on the erection of warehouses, petrol tanks, refrigerators, and similar installations. Certainly the receipts show a rapid rise: whereas until 1935 they fluctuated between 500 000 litas and 800 000 litas annually, in 1936 they already amounted to 1 360 000 litas and in 1937 to over 1 500 000 litas.

[502] The most important construction work consisted in the deepening of the harbour on an average by 2 metres, in order to render it navigable for ocean steamers. Thanks to these works, the harbour depths to-day in many places are from 8 to 9 metres and in the new dock of the winter port from 7 to 7.5 metres. In the next few years, moreover, further deepening of the harbour to 10 metres is planned.

The already mentioned new dock of the winter port comprises an area of 96 000 square metres and is accessible to large vessels with a displacement of 10 000—15 000 tons. Among other works should be mentioned: The strengthening of approximately 2 000 metres of quays with ferro-concrete and iron reinforcement; the creation of a yacht harbour; extension of the railway track in the port by 4 300 metres; erection of three modern electric cranes; building of new port warehouses with 73 000 cubic metres storage capacity; the completion of the electric power station, &c.

505 The development of Memel shipping since the attachment of the Territory to Lithuania is shown by the following figures:

Shipping Movement at Memel Port from 1924—1937.

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Year	Entries Vessels	Entries 1 000 net reg. tons	Clearances Vessels	Clearances 1 000 net reg. tons
1924—28*)	762	367.8	764	367.3
1929	807	502.8	802	501.5
1930	960	499.8	960	500.1
1931	981	445.5	982	448.0
1932	1 113	519.7	1 117	516.9
1933	1 069	600.6	1 088	605.3
1934	1 030	622.8	1 039	625.5
1935	1 225	691.3	1 249	692.0
1936	1 371	788.5	1 395	790.1
1937	1 414	844.7	1 433	847.1

We gather from these data that the number of entries and clearances during the period under review has risen by 86.6% and their net registered tonnage by 130.1%. This advance ensued preponderantly during the last five years.

The distribution of the shipping entries at Memel according to national flag is as follows:

	1924—28*)	1935	1936	1937
Lithuania	15	48	96	107
Germany	408	480	544	527
Sweden	125	221	247	231
Great Britain	58	95	114	131
Denmark	51	116	128	117
Holland	6	74	80	83
Norway	25	53	55	65
Estonia	9	35	35	29
Latvia	51	27	20	19

The doubling of the number of vessels sailing under the Lithuanian flag in 1936 is due to the fact that the year in question marked an important expansion of the Lithuanian mercantile marine. Until that year only three vessels belonging to the Memel shipping firm Schwederski, „Friesland",

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*) Yearly average.

505 „Holland“, and „Gotland“, sailed under the Lithuanian flag, their total capacity being 3 000 gross registered tons. First of all at the beginning of 1936 the „Maistas“ Joint-stock Company, with a view to the favourable expansion of its meat export to England, acquired three vessels with refrigerating plant, and a total capacity of 1 723 gross registered tons, whereby the number of ships under the Lithuanian commercial ensign was doubled. At the end of 1936 the Lietuvos Baltijos Lloydas Joint-stock Company was floated with preliminary share-capital of 2 000 000 litas, later raised to 3 500 000 litas, which took over the three abovementioned vessels from „Maistas“, and later purchased two others in Denmark of 1 880 gross registered tons, and finally one more in Norway of 1 566 gross registered tons.

Moreover, the Memel shippers „Sandėlis“ in 1936 procured a vessel of 990 gross registered tons and at the beginning of 1938 a second of 1 128 gross registered tons.

Our mercantile marine therefore consists to-day of eleven steamers of a total capacity of 10 299 gross registered tons. They are:

„Utena“,	542	gross	registered	tons
„Kretinga“,	642	„	„	„
„Maistas“,	641	„	„	„
„Šiauliai“,	939	„	„	„
„Marijampolė“,	941	„	„	„
„Gotland“,	990	„	„	„
„Nida“,	990	„	„	„
„Holland“,	991	„	„	„
„Friesland“,	1 029	„	„	„
„Neringa“,	1 128	„	„	„
„Kaunas“,	1 566	„	„	„

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439 The development of our foreign trade traffic via Memel port from 1931 to 1937 is shown by the following figures:

Import and Export via Memel.

	1931	1932	1933	1934	1935	1936	1937
Import, in 1 000 tons	426.0	611.3	696.7	738.6	666.0	810.7	968.9
Export, in 1 000 tons	194.9	222.1	258.4	275.8	441.1	462.3	370.1

These figures, in which of course transit traffic is also included, show that under the operation of the above-mentioned factors (extension of the port and creation of a home mercantile marine) the goods turnover of Memel port during recent years has doubled. As regards the structure of the goods turnover via Memel, export consists chiefly of the following items (in 1 000 tons):

	1924—28*)	1935	1936	1937
Timber	43.2	154.0	178.7	193.1
Cellulose	68.1	48.4	56.7	73.1
Sulphur sticks	17.2	15.4	13.3	21.1
Linseed	3.3	9.9	21.4	17.9
Butter	0	10.2	15.2	15.8
Meat	0	13.1	13.5	12.6
Flax	3,5	2.1	7.5	7.0
Plywood	4.7	5,5	6.2	5.7
Eggs	0.1	1.7	5.1	5.5
Grain	—	163.4	126.4	5.2

The most important articles imported via Memel (in 1 000 tons) were:

	1924—28*)	1935	1936	1937
Timber	11.3	152.9	247.5	262.3
Coal	146.4	214.3	216.3	229.6
Cement	32.8	55.4	72.9	89.7
Metal & Metal Wares	10.3	34.1	42.8	70.2
Fertilizers	71.2	42.3	45.2	60.6
Sulphur pyrites	31.8	15.9	23.7	49.4
Petroleum	9.3	22.0	29.2	44.4
Limestone and Lime	32.9	43.0	30.5	44.2
Salt	9.2	28.1	25.8	23.5
Herrings	1.3	6.2	9.8	11.2

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*) Yearly average.

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The bulk of the goods exported via Memel went in 1924-28 to Germany (51%), Great Britain (15.5%), Latvia, Sweden, Belgium, Holland, and Danzig. On the other hand, in 1937 the sequence was: To Great Britain (46.5%), Holland (10.6%), Germany (8.2%), Belgium, United States, Denmark, and Sweden, which the re-grouping of our export trade during the last ten years reveals.

The goods imported via Memel in 1924-28 originated for the most part from Germany (32.6%), Great Britain (15.3%), Sweden, Danzig, Holland, Norway and Belgium. In 1937 Great Britain took the first place among countries of supply (32.8%), followed by the U. S. S. R. (21.9%), Finland (12.2%), Belgium, Sweden, and for the first time in the sixth place Germany, with only 5.6%.

In conclusion are cited a few comparative figures regarding shipping in the larger neighbouring ports (number of ships):

	1936	1937
Danzig	5 404	5 935
Königsberg	4 258	3 332
Riga	1 563	2 054

	1936	1937
Tallinn	1 589	1 659
Memel	1 371	1 414
Libau	520	602

3. Inland Water Traffic.

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The total length of the Lithuanian waterways amounts to 2 774.3 kilometres of which 683.3 klms. are accessible to steamer communication, while on the remaining 2 091 klms. only timber-rafts can be carried.

The principal traffic of steamers and tug-boats takes place on the Kaunas - Memel line. The following data on the goods turnover of our three most important river ports (in 1 000 tons) illustrate the development of inland navigation goods traffic:

Year	Memel	Smalininkai	Kaunas
1931	153.1	109.8	62.7
1932	278.9	91.3	54.7
1933	269.5	148.2	58.7
1934	341.6	162.1	41.4
1935	340.9	91.8	34.4
1936	420.2	140.9	70.7
1937	400.5	154.6	77.6

The goods turnover of the port of Smalininkai most 505
strikingly characterizes inland communication; then in the turnover of Memel port transit traffic with Germany (via Tilsit - Ragnit) is also included. On the inland waters downstream chiefly timber, and upstream coal and iron are conveyed.

Timber-rafting takes place mainly on the Nemunas and to a lesser extent also on the Neris, Jūra, Minija, and Nemunėlis. The quantities of round timber, pulp wood and firewood carried on the waterways were as follows (in cubic metres):

1931	1932	1933	1934	1935	1936	1937
206 669	412 902	360 000	473 706	441 396	266 292	468 966

Shipping on the Nemunas to-day serves predominantly inland traffic. In connexion with the regulation of economic relations with Poland, the possibility of increased utilization of these waterways for transit trade is to the fore.

4. Roads and Highways.

In 1918, i. e. at the time of the foundation of the independ- 491
ent Lithuanian State, the total length of roads amounted to 1 190 kilometres, but in this connexion it must be borne in mind that the majority of them were in an almost impassable condition, and that many bridges were destroyed. In 1928 already 1 701 klms. and at the end of 1937, 1 956 klms. were available, of which 1 265 klms. were under the jurisdiction of the State Highways Board and the remainder under that of the local administrations. The total length of roads during twenty years had therefore increased by 766 klms. which had been achieved partly by means of the improvement of old routes and partly by the construction of new ones. In that time a total of 1 247 klms. of roads had been fundamentally repaired, 213.5 klms. newly built, and 937 bridges constructed. The cost of this work amounted to 60 000 000 litas, of which 40 000 000 litas was on account of road and 20 000 000 litas on account of bridge construction. Besides the above-mentioned roads, there are also 31 530 klms. of country roads. The total length of all roads and highways is therefore 33 486 klms.

5. Goods Transit.

By virtue of her geographical position Lithuania is destined to be a transit country. Owing, however, to special political relations, our transit traffic could not heretofore be developed to the fullest extent, and has also been subject to big fluctuations.

The following table shows the development of our goods transit traffic during the last ten years:

Goods Transit Traffic on Railways and Waterways from 1928—37, in Tons.

Year	Total Quantity	On Railways	On Waterways	To Germany	From Germany
1928	280 839	.	.	.	199 395
1929	431 384	.	.	235 718	208 702
1930	431 297	362 130	69 254	257 632	176 203
1931	345 205	343 980	1 225	226 086	118 942
1932	195 501	13 969	181 532	177 573	18 075
1933	191 627	56 751	134 876	184 948	5 986
1934	263 279	70 494	192 785	231 062	2 722
1935	185 735	50 208	135 526	182 882	1 982
1936	295 534	55 387	240 147	291 935	2 757
1937	308 177	129 225	178 952	305 787	2 241

On the basis of the foregoing data we may reach the following conclusions:

1. Our transit traffic, owing to the erstwhile closing of the frontier with Poland, has developed only in two opposite directions, viz.,

A. As transit for German goods to Latvia, the U. S. S. R., and other Eastern countries;

B. As transit for Latvian, Russian, and other goods to Germany.

The transit traffic of the first category, that is, the transit from Germany, has, however, since 1933 almost entirely ceased, so that to-day 99% of the goods transit falls to transit to Germany. The cessation of the transit traffic from Germany has, it goes without saying, resulted in a sharp curtailment of the total volume of our goods transit which, however, during the last two years has again displayed a rising tendency.

2. Until 1931 our transit traffic had developed mainly on the railways, whereas water traffic was inconsiderable. Since 1932 this relation has diametrically changed, and for the first time in 1937 railway transit again grew somewhat more rapidly without, however, being able to reach the scope of goods transit on the waterways.

According to countries of origin our goods transit traffic has proceeded as under (in tons):

	1933	1934	1935	1936	1937
Transit to and from Latvia	38 000	63 068	45 624	50 958	126 736
Of which on Railways	38 000	63 068	45 620	50 958	126 716
U. S. S. R.	116 131	170 924	105 500	216 577	37 748
Of which on Railways	103 594	166 405	103 361	216 114	37 624
Other Countries	37 496	29 286	34 610	27 998	143 694
Of which on waterways	31 282	26 380	32 162	24 033	141 308

These figures show that the total transit from Latvia takes place on the railways and that Latvia's share in the total volume of our goods transit by rail has grown rapidly in recent years. In 1933 it amounted to 66.9%; in 1937 it was already 98.1% of our transit traffic on the railways of the consignments from Latvia.

The transit traffic from other countries has accordingly developed preeminently on the waterways, i. e. principally on the Tilsit - Ragnit line. Until 1936 Russia had the largest share in this goods transit, while among other unspecified countries the most considerable part fell to Sweden. In 1937 in connexion with the curtailment of Russian pulp wood deliveries to Germany, Russian transit has receded, and the first place has been taken by Finland. The allocation of our transit on sea and river ways among separate countries appeared as follows in 1937:

From	Finland	109 658	tons	or	61.3%
„	U. S. S. R.	37 624	„	„	21.0%
„	Sweden	31 646	„	„	17.7%

As regards the internal structure of goods transit through our country, pulp wood constitutes the most important item, claiming as it does on an average 80% of both the railway and waterways transit. Of the remaining goods, fertilizers play an important rôle in railway transit, and in transit on the waterways limestone from Sweden. The remaining consignments are inconsiderable.

It is as yet difficult to judge how the resumption of traffic with Poland will affect water transit, but possibilities of expansion of transit, especially on the riverways, are undoubtedly available.

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IV. FINANCE AND CREDIT CONDITIONS

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I. The State Budget.

652 Our State Budget is based upon the fundamental principle that expenditure must conform to revenue. Actually since 1924 in the financial history of independent Lithuania, it has always been possible not only to defray all ordinary expenditure from current receipts, but even to realize a surplus. The State loans have been incurred without exception solely for the defrayal of extraordinary outlays, chiefly for the purpose of valuable investments.

The contrast between revenue and expenditure during the last ten years is shown in the following table (in million litas):

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Revenue	319.8	338.5	347.7	340.1	292.0	256.9	264.4	279.9	302.8	329.9
Expenditure	280.5	269.9	320.6	335.3	278.2	249.7	251.8	276.9	287.7	318.2
Surplus	+39.3	+68.6	+27.1	+4.8	+13.8	+7.2	+12.6	+3.0	+15.1	+11.7

The Budget figures cited above faithfully reflect the contingent course of our economy; 1930 was the record year for revenue, while the recession in 1931, amounting to only 2.2%, was due solely to the lower figure of extraordinary receipts, as will be clear from the subsequent table. Expenditure also reached its peak in 1931, and on that account, that year, in harmony with other important economic curves also from the standpoint of the finances, must be regarded as the high trend year before the crisis. Like the employment of industry, both the Budget series also reached their lowest level in 1933, and the years 1934 and 1935 were signalized by a slight improvement. Both last years show a rapid advance, without, however, again attaining the record figures of 1931, which is explained by the erstwhile serious recession.

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We can determine the structure of the State revenue and the not entirely uniform development of its separate categories on the strength of the following table:

The Structure and Development of the State Revenue from 1928 to 1937 (Million Litas).

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
1. Direct Taxes	35.2	37.8	41.8	42.6	39.1	40.4	39.2	38.5	44.1	49.7
including:										
(a) Land Tax	16.9	18.1	19.6	19.1	17.1	18.6	18.5	16.2	17.9	18.1
(b) Urban Real Estate Tax	5.0	5.0	6.1	6.7	6.9	6.9	6.5	7.0	8.1	8.6
(c) Patent and Profit Tax (Trade & Industry Tax) ..	9.7	10.1	11.2	11.3	10.5	9.9	9.0	9.5	10.5	13.1
(d) Labour Profit Tax	....	0.4	0.4	0.6	0.8	1.6	2.5	3.2	4.7	5.6
2. Indirect Taxes	120.5	122.6	134.8	138.5	110.8	94.2	98.5	91.6	98.4	120.0
including:										
(a) Excise	18.2	19.3	17.7	20.6	20.6	20.1	19.5	24.1	19.0	29.6
(b) Monopolies	44.0	41.7	42.4	42.4	32.8	28.1	26.0	25.6	30.0	35.1
(c) Customs Duties ..	58.3	61.5	74.7	75.5	57.4	46.1	53.0	41.9	49.4	55.3
3. Dues	9.6	20.8	20.6	20.1	18.3	17.8	17.1	17.0	19.2	22.1
4. State Undertakings	53.9	64.0	60.4	68.0	50.8	46.0	46.3	45.4	48.6	51.5
5. Properties & Capital	37.6	36.3	33.1	31.0	22.0	22.2	24.5	17.6	28.5	33.7
6. Other Ordinary Revenue	21.8	14.5	11.3	11.7	11.1	7.9	10.2	8.7	9.1	9.4
7. Extraordinary Revenue	41.2	42.5	45.7	28.3	39.9	28.4	28.6	61.0	56.9	44.5

Direct taxes play a relatively small rôle in our Budget, since their share in 1937 amounted to only 14.8% of all State revenue. The principal items consist of indirect taxes and the income from State undertakings. Nevertheless both the share of direct taxes and their relation to indirect taxes are constantly increasing, which proves that our taxation system is ever more and more emancipating itself from the tradition of earlier Russian financial methods and approaching the West European system. The ratio of direct to indirect taxes in the old Russian Empire amounted to 10:59; in independent Lithuania, on the contrary, in 1928 it was already 10:34, and in 1937 only 10:25. In Great Britain the ratio of direct to indirect taxes is only 10:9. Also the share of the total yield of direct taxes in the State revenue has risen during these years: in 1928 it amounted to 11.0%, and in 1937 already to 14.8%.

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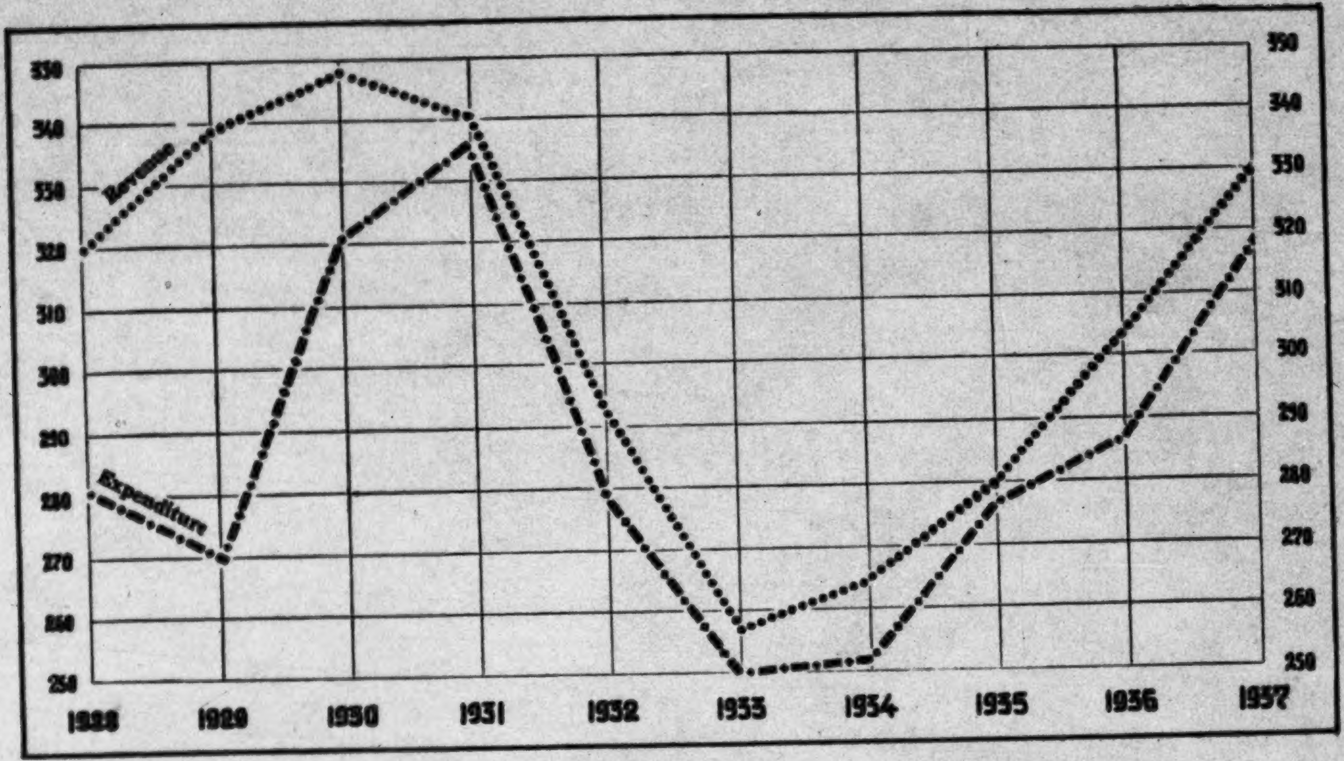
Diagram No. 6.

State Revenue and Expenditure in Million Litas.



The development of receipts from direct taxation is less dependent upon the contingent economic position than, for example, the yield of the State Monopolies. This rigidity is in the first place due to the fact that the Land Tax constitutes the principal item, which is assessed not according to the yield but the number of acres; therefore the fluctuations of the Land Tax receipts, which clearly appear from the table, are to be ascribed to the circumstance that in years of a favourable trend generally taxes are paid more punctually than during a crisis. The Land Tax payments reached their peak in 1930; but the year 1932 first brought about a considerable recession. Following the nadir reached in 1935, the receipts during both last years have again improved, but still remain below the level of 1933 and 1934.

The series of the Urban Real Estate Tax affords an interesting study; its almost uninterrupted upward curve reflects the intensive building activity which during the last two years has greatly increased. The series of the Patent and Profit Tax, which is collected from commercial and industrial undertakings, is wholly adjusted to the course of the economic trend. In the chapter on Home Trade, it has already been demonstrated that the rise of payments in 1937 over the position of 1931 pertains solely to the share of industry, because the yield from trade taxes still remains below the level of 1931.

The increase of the total amount of direct taxes during recent years and therewith also the improvement of their share to a great extent depend upon the introduction of the Labour Profit Tax in 1932, which until that year, known under the style of the Personal Earnings Tax, had been collected merely to a restricted degree, i. e. only from commercial employees. The increase of revenue from 1933 to 1936 is explained by the repeated raising of taxation and the reduction of the cost of living minimum in 1935. The advance in 1937 reflects, on the other hand, the amelioration of the economic situation and particularly the growth of the number of workers and employees.

Indirect taxes constitute the most important item of revenue; they are, it goes without saying, highly dependent upon contingent fluctuations. Their absolute peak level was

reached in 1931, in which year their percentage share was 651
also the highest, viz., 40.7%. The recession in the crisis period 652
was most marked in 1935, i. e. in comparison with 1931 by 46 900 000 litas or a third in round figures. The last two years, but especially 1937, brought about a recovery by 28 400 000 litas. The share in the total revenue that year amounted to 36.4%.

Among indirect taxes the Customs duties are the most productive. In 1937 they alone defrayed 17.4% of all State disbursements. The strikingly sharp decline of Customs receipts in the crisis years (in 1935 by 44.5% in comparison with 1931) and the relatively low present position, notwithstandig the advance during the last two years, are not due to the quantitative curtailment of import (it has, on the contrary, grown) but to the change in their structure. To-day more raw materials are imported, and fewer luxury articles, which naturally are subject to higher duties.

The receipts of the State Monopolies (Spirit, Matches, 652
and Playing Cards) reflect very faithfully on the whole the 655
development of the purchasing power of the population, but their estimate nevertheless necessitates consideration of the circumstance that the price of spirit during the period under review, in sympathy with the course of other commodity prices, decreased. Although therefore the total receipts of the Monopolies in 1937 stand below the level of the years 1930—1931, the actual sales of whisky through the Monopoly retail establishments in 1937 were 121 000 litres or 2.3% higher than in 1931. The recovery of the losses of the crisis period followed only during the last two years, in which the sales in comparison with 1935 grew by 1 275 217 litres or 31.1%, which characterizes the development tempo of the present-day advance.

The figure sequence of the excise receipts is, from the 652
contingent standpoint, largely upset by the circumstance that in 1932, as the consumption of excisable goods began to decline in consequence of the outbreak of the crisis, the domestic production of sugar set in, whereby the decreases of excise dues from beer, tobacco, &c., were more or less equalized. The fluctuations in the receipts of the last three years are explained by the fact that in 1935 a portion of the sugar

152 excise for the following year was paid in advance and in 1937 the residue for the expired year was paid in retrospect.

[155] The third important group of State revenue consists of the income from State undertakings, such as the railways, posts, telegraphs, and telephones.

Their percentage share in the total amount of State revenue in 1931, i. e. before the crisis period, represented 19.9%; in 1937 it amounted to only 15.6%. This group shows the sharpest decline of receipts, which has been caused chiefly by the sinking of railway earnings since 1932, and was partly elicited by the recession of goods transit.

The income from State Properties is regulated in the first place by timber sales from the State forests and is therefore dependent upon the movement of timber prices. In 1937 it overtook the pre-crisis level, which, however, was attained, in addition to the price trend, through more intensive timber felling.

The extraordinary revenue is composed chiefly of the carrying-over of the previous years' surplus and of the salary deductions for State officials introduced since 1932 for the crisis period. The latter item during the last three years amounted to approximately 24 000 000 litas. In 1935 and 1936 also the taking up of State debts to the amount of 18 000 000 litas and 15 000 000 litas respectively figures in this group; furthermore in 1936 the revenue from the Coinage Fund to the amount of 17 000 000 litas. The percentage share of extraordinary revenue, which in 1931 amounted to merely 8.3%, rose in 1935 to 21.8% and in 1937 again declined to 13.5%.

State Expenditure from 1928—1937 (in million Litas).

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
State Council	4.2	4.0	4.8	5.5	4.4	4.7	4.8	4.8	5.2	5.9
Ministry for National Defence .	49.1	49.3	55.9	55.5	46.4	38.9	49.9	65.5	76.8	81.4
Ministry of Agriculture	44.8	35.0	41.6	63.7	50.7	38.0	42.2	46.5	44.9	36.2
Ministry of Finance	49.1	46.9	58.8	46.4	31.9	25.7	23.7	30.0	26.1	34.5
Ministry of Communications ..	59.0	60.4	71.4	72.2	62.9	54.0	51.5	51.2	51.8	63.7

Ministry of Home Affairs	23.3	24.3	26.6	28.1	25.2	24.6	25.0	24.9	26.1	29.8	652
Ministry for Foreign Affairs ..	4.5	4.4	5.7	6.3	5.1	4.6	3.9	4.5	4.8	5.6	
Ministry of Education	35.3	34.3	43.3	45.6	40.4	38.6	39.5	38.0	39.5	47.6	
Ministry of Justice	9.8	9.9	11.2	10.7	10.0	9.4	10.2	10.4	11.3	12.4	
State Control	1.2	1.2	1.3	1.3	1.1	1.1	1.0	1.1	1.1	1.1	

The structure of State expenditure and its development since 1928 are show in the foregoing table. We see therefrom that until 1934 the Ministry of Communications held the first place in State outlays; then disbursements for purposes of national defence have advanced to the top in the last three years. The high share of expenses for purposes of communication - this amounted in 1931 to 21.5% and in 1937 to 20.0% - is to be ascribed to the heavy investment costs of the expansion of the railway network, road building, and expansion of Memel port.

Then follow outlays for agriculture. Their share reached 654
its peak level in 1931, viz., 19.0%, and then declined to 15.0% 652
in 1936 and 11.4% in 1937. Their high share in the pre-crisis period is due to prolific reclamation works. During the crisis approximately half the disbursements devolved upon relief measures for the purpose of improving the prices of grain and other agricultural products, about which we have already spoken more in detail in the chapter on the Home Trade (section on Development of Prices). With the amelioration of the economic situation, the subventions naturally decreased, which explains the reduction of the percentage share of 1937.

The expenditure of the Ministry of Education also 652
represents a considerable proportion of the total. In 1937 both actually and in percentage it reached its peak level and exceeded the pre-crisis position. Its share in 1937 amounted to 15% in round figures against 13.6% in 1931.

The outlays of the Ministry of Finance during the last six years show a lower level than from 1928—1931; this is chiefly the result of the changes in the development of credit operations.

The remaining expenditures (State Council, Ministries of Home and Foreign Affairs, Justice, and State Control), in view of their State political character, are far more stable and therefore show no considerable variations.

2. State Debts.

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Public debts play no weighty rôle in Lithuanian State finances. At the end of 1937 they amounted to 47 litas per capita of the population, whereas in Latvia the proportion is 80 litas and in Estonia 180 litas per capita.

The development of the debt position and its structure are clear from the following table: —

Year	Foreign Debts	Domestic Debts	Total
	in Million Litas		
1927	80.6	1.0	81.6
1928	86.7	1.0	87.7
1929	85.3	0.9	86.2
1930	108.3	0.8	109.1
1931	136.6	2.5	139.1
1932	150.5	2.5	153.0
1933	114.8	1.7	116.5
1934	90.1	1.7	91.8
1935	82.1	19.7	101.8
1936	81.1	35.9	117.0
1937	78.5	40.1	118.6

The most distinctive characteristic of the variations in the structure of our public indebtedness disclosed by the foregoing table is the decline in the total amount of the foreign debts and the taking up for the first time of more domestic debts during the last three years, whereby the relation of foreign and domestic indebtedness has been displaced. The foreign debts, which in 1932 reached their peak level - they then amounted to 98.4% of the total public debt - have since then receded by half, i. e. 72 000 000 litas, and since in the interim the sum of 37 600 000 litas domestic debt has been taken up, the share of foreign debt has decreased to 66.2%. A larger portion of the decline of foreign obligations is of course explained by the depreciation of the American dollar, because most foreign debts were contracted in dollars; nevertheless the redemption payments actually disbursed from 1933—1937 amount to the considerable sum of 26 800 000 litas. This structural development of our State Debt reflects the growth of the capital energy

of the native population and the progressive consolidation of 652
our economic independence.

The following table shows the position of the foreign and 652
domestic debts on December 31, 1937 (in 1 000 litas): 457
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I. Foreign Debts.

Debts to the U. S. A.	44 222.5
Debts to Great Britain	1 161.8
Liberty Loan	3 675.5
Match Monopoly Loan	25 738.9
Debts for the Administration of the Memel Territory	1 232.5
Debts For Public Works	2 507.8
Total:	78 539.0

II. Domestic Debts. 652

$4^{1}/_{2}\%$ Domestic Loan of 1935	16 195.0
$4^{1}/_{2}\%$ Domestic Loan of 1936	15 000.0
Treasury Bills of 1937	3 029.5
State Debt Debentures	57.9
Debts for War Charges	1 620.4
Debts for Public Works	4 192.6
Total:	40 095.4
Total Public Debt	118 634.4

Our State Debts can be divided into two categories: 652

(a) Debts from the time of the struggle for freedom and 648
the first years of independent Lithuania; this period terminated 457
approximately in 1923;

(b) Debts of a later period, which were contracted solely for the purpose of economic reconstruction.

To the former group belong:

1. The debt to the United States, which originated from 1919 and was contracted for various medicaments, clothing,

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and foodstuffs obtained from the American military camps in France and from the American Relief Administration. The residue of the debt was fixed by the Treaty of 1924 at 60 000 000 litas ($ 6 000 000).

2. The debt to Great Britain of 1920 for war material deliveries to the amount of 7 300 000 litas (£ 150 000).

3. The Liberty Loan was realized between 1919 and 1925 in America from the local Lithuanians for the purposes of organization of defence of Lithuania and for goods purchases, to the amount of 18 500 000 litas ($ 1 850 000).

4. The debt to the Allied Powers for the administrative costs of the Memel Territory was consolidated in 1930 for 9 100 000 litas, of which 8 900 000 pertained to France and 200 000 litas to Great Britain.

652 5. The promissory-notes of the State Treasury, which between 1921 and 1923 were issued to the amount of 36 600 000 Ost mark.

6. The so-called War Money Charges Certificates, a sort of extraordinary tax, which in the first years of Lithuanian independence were obtained from the urban population and all commercial and industrial undertakings. These tax certificates are redeemed according to a specified plan at 50% of the face value.

Of the above-mentioned debts belonging to the category of the liberation period there remains at present still unredeemed a total of 50 700 000 litas.

Of the second group, that is of the loans that were utilized for economic investment, the following are noteworthy:

(a) The Match Monopoly Loan, which was contracted in 1930 in Sweden for the transfer of the Match Monopoly to the Swedish Joint-stock Match Manufacturing Company, to the amount of 60 000 000 litas ($ 6 000 000), of which, however, only 45 000 000 litas ($ 4 500 000) was realized, and

(b) The debts for public works which were incurred for the construction of the Telšiai - Kretinga Railway, to the amount of 15 700 000 litas; for the expansion of Memel port, to the amount of 4 200 000 litas; and for the erection of two bridges in Kaunas, to the amount of 1 700 000 litas;

(c) The two domestic loans, viz., of 18 000 000 litas in 1935 and of 15 000 000 litas in 1936.

The loans of the second category were employed exclusively for investment. They were applied to purposes which themselves assure their regular redemption, as, for example, the Swedish loan, which almost in toto (40 000 000 litas) was placed at the disposal of the Žemės Bankas (Land Bank) for extension of agricultural credit. The position of all these economic loans at the end of 1937 amounted to 67 900 000 litas. 152

3. The Payment Balance.

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The payment balance reflects most faithfully the general financial situation of the country. The aspect of the Lithuanian payment balance shows that the situation of our finances can be regarded as healthy and satisfactory.

The following table contains data for several years, which are most characteristic for the changes that have occurred during the last dacade.

The Lithuanian Payment Balance.

(in Million Litas)

	1929	1930	1933	1934	1936	1937
Revenue:						
1. Export	331.3	323.8	156.9	145.4	191.8	229.4
2. Interest & Dividends	2.9	3.4	2.0	2.2	0.9	0.6
3. Other current items	91.5	74.3	39.0	35.8	31.2	27.8
4. Capital Operations ..	11.3	35.4	5.5	12.4	7.5	20.1
Total:	437.0	436.9	203.4	195.8	231.4	277.9
Expenditure:						
1. Import	312.0	322.9	147.7	150.7	163.9	239.2
2. Interest & Dividends	7.9	12.1	6.1	5.2	4.5	3.0
3. Other current items	56.7	63.9	31.4	21.6	22.5	26.3
4. Capital Operations ..	48.6	20.7	18.2	18.2	9.2	6.3
Total:	425.2	419.6	203.4	195.7	200.1	274.8
Balance:	+11.8	+17.3	—	+0.1	+31.3	+3.1

The first two years, 1929 and 1930, belong to the high trend period; 1933 and 1934 represent the low level position of the crisis, and both last years show the present-day economic advance.

On the basis of the foregoing figures we can first of all conclude that our payment account even during the crisis could be closed without a passive balance.

The most important item on the revenue and expenditure side consists of the foreign trade turnover, the figures of which do not, however, agree with those of the foreign trade statistics. The export figure is raised by the value of the fish exported from the Kurisches Haff, which do not pass the Customs, and the import figure in relation to contraband corrected. The changes in the value of the foreign trade turnover, in connexion with the price development treated in preceding chapters, were the main cause of the recession of the total sum of our payment balance in comparison with the pre-crisis position. Also the descent of the active balance in 1937, in comparison with the previous year, was evoked by the passive balance of the trade account; the corrected trade account in 1936 had an active balance of 27 900 000 litas, and, on the contrary, in 1937 a passive balance of 9 800 000 litas.

The second most important item consists of the services (transport, postal communication, freights, harbour dues, tourist expenditures) as also the funds and remittances of emigrants, which in our table are indicated as „Other current items".

On the revenue side before the crisis, inter alia the remittances of emigrants played the most considerable rôle, but these have since been severely curtailed. Thus in 1929 the money remittances from America amounted to 30 500 000 litas; in 1933 to 9 700 000 litas; and in 1937 to only 6 200 000 litas. The sharp recession of railway goods transit since 1932 has likewise contributed to the decline of the corresponding receipts. On the expenditure side in this group in the first place stand the outlays of Lithuanian tourists abroad, the money exported by Lithuanian emigrants as also the transport costs. The decline of the first two categories is explained by the economic crisis, while the shrinkage of transport costs is attributable to the extension of the Memel harbour and the creation of a home mercantile marine. All these factors explain why the amount of the so-called „Other current items", as also of our payment balance on the debit and credit side, has sharply diminished.

The items „Capital Operations" and „Interest and Dividends" have also in recent years declined on the expenditure side, which has in part been brought about by the introduction of currency regulation. On the revenue side, on the other hand, in 1937 the increase in the influx of foreign capital has to be noted.

4. Operations of the Lietuvos Bankas.

Lithuania belongs to the few States that have maintained their currency quotation on the level of gold parity. The retention of sound currency, notwithstanding the crisis and devaluation in almost all countries of the world, has materially contributed to the fact that the passing accumulation tendency of foreign exchange in 1935 which, moreover, had more psychological than real grounds, by recourse to foreign bills regulation, was easily eliminated, and the normal situation rapidly restored.

The emission activity of Lietuvos Bankas will be clear from the following comparison:

Year End Dec. 31	Banknote Issue	Gold Reserve	Foreign Bills	Cover Ratio in Gold and Foreign Bills in %
	in Million Litas			
1928	84.77	34.27	43.62	91.9
1929	94.83	35.08	78.48	119.8
1930	117.16	39.39	86.32	107.3
1931	108.95	50.14	33.17	76.5
1932	96.21	49.07	15.96	67.6
1933	89.92	52.00	15.34	76.8
1934	88.24	52.14	8.38	68.6
1935	103.50	36.14	9.91	44.5
1936	110.35	73.10	4.08	69.9
1937	116.56	79.04	1.87	69.4

The last column of the above table shows that the cover ratio has never fallen below the legally prescribed norm of

152 33¹/₃%, because even the lowest position reached in 1935 which, moreover, afforded the occasion for the introduction of foreign bills regulation, still remained 11 points above the norm. The present cover ratio is indeed, when percentaged, lower than in the pre-crisis years, but the cover must nevertheless be deemed far more favourable, if one takes into consideration that in 1937 67.8% and in 1929, that is, in the year of the highest cover ratio, only 36.9% of the banknote emission were covered with gold. The gold reserve of the Lietuvos Bankas has grown 125.3% in comparison with 1929, i. e. chiefly during the last two years.

The volume of the emission reflects approximately the contingent development of the economic situation, taking into account, it is true, the circumstance that the quoted numerals represent the monthly figures at the end of December of the actual year; thus, for example, the banknote circulation in October, 1931, amounted still to 120 650 000 litas against 118 280 000 litas in October, 1930, which proves that the crisis first began at the end of 1931.

This is shown us also by the first two columns of the following table, which contain other most important data on the activity of the Lietuvos Bankas (in million litas):

Year	Annual Turnover	Total Monetary Circulation: Year's Average	Deposits	Loans	Discount
			December 31		
1928	5 560.4	102.0	80.39	91.49	7
1929	5 662.0	102.3	99.55	84.14	7
1930	6 094.6	117.2	102.67	101.62	7
1931	6 492.3	127.1	77.99	109.11	8¹/₂
1932	5 056.6	112.7	57.17	91.96	7
1933	4 163.6	105.8	60.80	83.79	7
1934	4 004.1	101.1	68.51	101.03	6
1935	4 417.2	111.4	45.78	103.01	6
1936	4 781.8	124.1	78.01	105.37	5¹/₂
1937	5 565.4	131.9	91.75	119.42	5¹/₂

The development of the figure series of the general annual turnover and of the total monetary circulation is not quite proportionate. The difference is noticeable chiefly during the last two years. Expressed in indices they show the following course:

	1931	1936	1937
Annual turnover	100.0	73.6	86.0
Monetary circulation	100.0	97.6	103.8

The vigorous development of the monetary circulation exists in connexion with the credit policy of the Lietuvos Bankas. The sum of loans granted in 1937 rose by 9.5% in comparison with 1931. The increased fluidity of the money market is moreover emphasized in the reduced discount rate. The figure series of the monetary circulation shows us therefore the development of the credit situation, while the annual turnover more accurately characterizes the economic situation. On the basis of the turnover development and taking into consideration the price variations, we may assume that the real value of the total operations of the Lietuvos Bankas has doubled in comparison with 1928 and has risen by 40% in comparison with 1931, which clearly discloses the rapid advance of economy, particularly in recent years.

The distribution of loans granted by the Lietuvos Bankas according to separate economic branches is shown in the following comparative table:

Year	Agriculture		Industry		Trade	
	Mil. Lts.	Percentage Share	Mil. Lts.	Percentage Share	Mil. Lts.	Percentage Share
1934	34.83	40.9%	26.81	31.5%	5.00	5.9%
1935	41.21	40.7%	30.36	30.0%	5.55	5.5%
1936	44.88	43.4%	31.84	30.8%	5.70	5.5%
1937	50.19	47.5%	27.72	26.2%	5.61	5.3%
1938	50.57	42.3%	30.67	25.7%	9.35	7.8%

As is clear from the foregoing figures, credits were in the first place provided for agricultural purposes. They were for the most part granted to the corresponding cooperative societies. In industry and trade, the branches working for export were chiefly considered. Moreover, in the years 1930—1933, a lower special discount rate (6%) was also fixed for export credits.

5. The Situation of Credit Institutions.

The Lithuanian credit institutions can be classified in the following groups:

1. Žemės Bankas (Land Bank). It was founded in 1924 with 50 000 000 litas share-capital, of which 48 000 000 litas was taken up by the Government. Its object consists in the promotion of agriculture through the granting of mortgage loans. Together with the Lietuvos Bankas it is the second largest public credit establishment in the country.

The most important balance items for the last ten years are collated in the following table (in million litas):

Year Dec. 31	Balance Amounts	Deposits & Current A/cs	Loans & Discounts	Including Mortgage Loans
1928	49.84	14.21	39.54	23.11
1929	66.98	11.33	52.99	30.00
1930	95.17	17.12	81.33	54.46
1931	122.29	16.93	110.06	83.49
1932	125.30	21.35	115.32	91.94
1933	135.35	19.88	121.20	102.39
1934	141.95	21.91	125.47	107.01
1935	140.40	22.54	127.68	112.39
1936	149.39	22.18	132.57	116.79
1937	158.07	34.17	144.28	121.74

The mortgage business was properly speaking more widely expanded after 1930, since when the Žemės Bankas, under the amended statutes, has been granted the right of mortgage-deeds issue. The circulation of these amounted at the end of 1937 to 73 500 000 litas. The quotation of the recently issued VII Series at 4.5% amounts to 89—90 per 100 face value.

The course of the balance items quoted in the foregoing table shows that the crisis certainly restricted the development of the operations of the Žemės Bankas without, however, entailing any losses.

A circumstance that was largely instrumental in enabling the Bank to bridge over the crisis was that through the Government the sum of 40 000 000 litas from the Match Monopoly or the so-called Swedish loan was placed at its disposal. The credit business, and inter alia chiefly mortgage loans show an uninterrupted rising tendency. Since 1928, the amount of the latter has increased sixfold, and since 1931 it has grown by nearly 50%.

The rate of interest for mortgage loans amounted in 1930 to 7¹/₂%; in 1933 to 6%; in 1935 to 5%; and since July 1, 1936, to 4%. In connexion with the raising of the rate of interest on mortgage-deeds in 1937 to 4½%, the rate of interest on rural credits was also increased to 5%, and on urban mortgage loans to 5½%.

II. To the second group belong 13 commercial banks and 15 associations of mutual credit. Among them 11 banks are organized as joint-stock companies with a capital-stock of 30 700 000 litas. The most important are: Ūkio Bankas (with 15 000 000 litas capital-stock); Kooperacijos Bankas, Komercijos Bankas, Kredito Bankas, Tarptautinis Bankas, Jüdische Zentralbank - all in Kaunas; and Klaipėdos Bankas, Landschaftsbank, Raiffeisenbank A. G. and Tautinis Lietuvių Bankas in Memel.

The most important balance items of the Kaunas credit institutions from 1928 to 1937 are shown in the following table (in million litas):

Year Dec. 31	Capital-stock	Balance Amounts	Deposits & Current A/cs.	Loans & Discounts
1928	26.50	119.57	56.82	74.06
1929	27.28	134.92	76.99	80.41
1930	27.29	156.74	98.27	108.40
1931	27.81	137.57	73.02	86.87
1932	26.93	125.55	72.98	75.75
1933	29.24	126.79	67.21	80.53
1934	28.89	124.11	61.59	80.64
1935	28.85	116.15	54.03	75.99
1936	29.06	133.02	68.84	85.06
1937	29.05	153.35	83.23	103,27

The corresponding figures for the Memel credit establishments are as follows:

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Year Dec. 31	Capital-stock	Balance Amounts	Deposits & Current A/cs.	Loans & Discounts
1928	4.56	53.33	30.46	39.04
1929	4.89	54.49	35.80	41.11
1930	5.00	62.60	43.27	48.38
1931	4.79	62.44	32.06	51.83
1932	4.30	52.23	27.80	41.61
1933	4.29	46.83	22.31	35.52
1934	4.51	40.38	15.23	31.46
1935	4.04	35.43	12.27	29.08
1936	3.99	41.30	14.67	33.47
1937	3.87	44.73	19.73	37.08

On the basis of both the foregoing tables, we can draw the following conclusions:

(1) The capital-stock of the Kaunas institutions has been stationary since 1933, but in comparison with 1928 shows a slight growth. The capital-stock of the Memel establishments has sunk below the level of 1928.

(2) The last two years have entirely adjusted the crisis losses of the Kaunas banks, while the Memel institutions also show a revival though not at the same tempo. The deposits there more particularly remain far behind the pre-crisis position.

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III. The third group consists of the credit cooperative societies, which are chiefly spread over the rural districts and possess an old tradition. The first cooperative society was already founded in 1873, and until the World War there were in Lithuania under Russian alien domination 207 credit cooperative societies with 88 900 active membres.

The activity of the credit cooperative societies, interrupted by the World War, was speedily resumed in independent Lithuania, although the erstwhile organizations had been destroyed and new foundations had to be effected. The Government also contributed largely to the expansion of the credit cooperative societies, in which context, since 1930, long-term loans at 3% interest have been granted from State resources.

The development of the activity of the credit cooperative societies, with the exception of the Memel Territory, since 1928 is shown in the following table:

Year Dec. 31	No. of Cooperatives	No. of Members	Balance Amounts	Deposits	Loans
			(In million litas)		
1928	417	89 816	52.24	21.42	39.01
1929	407	98 380	63.29	30.18	46.59
1930	399	96 968	74.47	39.12	56.98
1931	397	107 535	80.68	38.46	63.64
1932	403	112 105	81.07	38.40	62.53
1933	399	117 809	79.87	37.46	63.74
1934	382	111 647	76.35	34.00	60.83
1935	369	111 909	71.69	29.48	56.83
1936	337	107 796	74.33	32.94	57.31
1937	322	111 582	82.16	39.99	61.64

The decrease in the total number of the cooperative societies is attributable to the amalgamation of smaller unions. The rising development tendency is obvious from the circumstance that the balance sum has already surpassed the pre-crisis level.

The financing of the credit cooperative societies is provided for by the Kooperacijos Bankas (Cooperative Bank), which since 1933 has been re-organized as a joint-stock company with capital-stock of 3 000 000 litas; 2 500 000 litas thereof has been taken up by the Government while the remaining shares remain in the possession of 180 cooperatives.

A less favourable development is shown by the balance-sheets of the cooperative societies of the Memel Territory, which are organized as Raiffeisen loan banks. They are summarized in the following table:

Year Dec. 31	No. of Cooperatives	No. of Members	Balance Amounts	Deposits	Loans
			(In million litas)		
1928	43	12 135	17.10	12.09	13.99
1929	43	12 304	21.51	15.32	18.18
1930	43	12 202	25.71	18.63	22.33
1931	43	12 315	27.89	20.13	24.96
1932	41	11 064	24.60	15.37	21.52
1933	41	10 029	23.60	12.67	20.22
1934	41	9 446	20.28	9.92	17.95
1935	41	8 816	18.99	8.73	16.64
1936	41	8 359	17.99	7.47	15.80

453 IV. To the fourth and last group belong the State savings
152 banks in Lithuania Major and the savings banks of the Memel Territory. The following tables elucidate their activity:

152 A. The Activity of the State Savings Banks (in million litas):

Year Dec. 31	Balance Amounts	Savings Deposits	Loans
1928	3.85	0.86	3.04
1929	5.66	2.07	4.76
1930	12.52	11.00	11.98
1931	26.82	24.80	25.06
1932	36.70	34.17	31.73
1933	41.36	38.75	35.03
1934	46.69	43.12	37.84
1935	47.21	42.90	35.68
1936	57.38	52.29	32.79
1937	66.34	60.12	30.37

453 B. The Activity of the Savings Banks of the Memel Territory (in million litas):

Year Dec. 31	Balance Amounts	Savings Deposits	Loans
1928	11.71	9.23	4.21
1929	14.04	11.64	4.86
1930	19.99	15.65	6.81
1931	24.01	18.65	8.09
1932	30.24	23.96	9.06
1933	26.58	19.32	6.48
1934	23.19	15.26	6.73
1935	20.39	11.87	6.57
1936	21.61	13.82	5.70
1937	28.12	18.61	5.32

152 The percentage distribution of the savings deposits in the State savings banks according to vocation is also characteristic of the growing well-being of the working population. The figures are as under:

	1935, Jan. 1	1936, Jan. 1	1937, Jan. 1	1938, Jan. 1
Public Institutions	40.64	44.85	38.87	33.6
Officials and Employees	13.09	13.11	14.72	16.6
Farmers	12.52	12.67	14.40	15.6
Merchants & Industrialists	11.22	8.93	8.64	9.0
Liberal Professions	7.99	7.90	7.50	8.2
Workers	2.49	2.53	3.01	3.7

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* * *

Summarizing the figures of the Lietuvos Bankas and the 152
Žemės Bankas, the commercial banks and the associations of 452
mutual credit of Kaunas and Memel, the credit cooperative so- 45
cieties and the Raiffeisen loan funds banks, as also of the State savings banks and the savings banks of the Memel Territory, we obtain the following result of the development of deposits and loans in all Lithuanian credit institutions during the last ten years (in million litas):

Dec. 31	Deposits	Loans
1928	225.46	304.38
1929	282.83	333.04
1930	345.73	437.83
1931	302.04	479.62
1932	291.20	449.48
1933	278.40	446.51
1934	269.54	461.95
1935	229.60	451.48
1936	290.22	467.35
1937*)	347.60	501.38

These figures show that both deposits and loans in 1937 again reached and exceeded the pre-crisis position (1930—31). Whereas, however, the deposits in conformity with the contingent situation of economy in the crisis years have suffered a severe setback, the fluctuations of the loans were negligible,

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*) Without Raiffeisen loan banks of Memel Territory.

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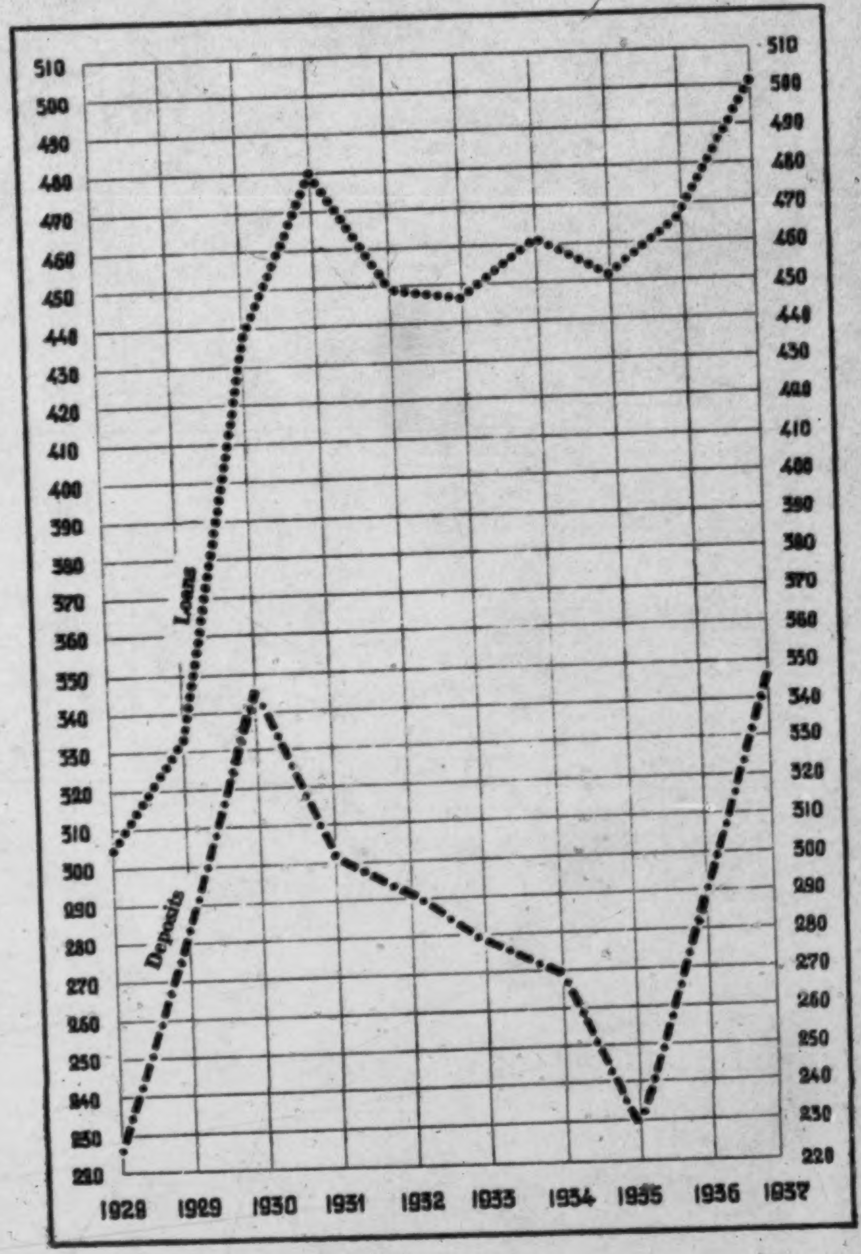
Diagram No. 7.
Loans and Deposits of the Credit Institutions, in million litas.



which is attributable to the intervention of the Government on 452
behalf of agricultural credits. 453

In connexion with the consolidation of the credit situation 652
and thanks to the initiative of the Lietuvos Bankas, private discount has also materially decreased. In 1929 it still fluctuated between 14—18%. At the end of 1930 the banks decided that the rate of interest should not rise above 12%; while today it amounts to 8%. Moreover, in accordance with a legal enactment (Government Gazette No. 432) private discount may not exceed the official bank rate by more than three points.

On the basis of the above cited balance items of the separate categories of the credit institutions, we may affirm that the overwhelming portion of the credits pertains to agriculture; the credits for trade and industry amount to approximately one-third of the total sum, and are without exception short-term. In view of this and in connexion with the rapid growth of industry, the necessity is ever more and more being felt for a banking institution which, through the provision of long-term credits, would promote the investment activity of industry.

*

* *

The consolidation of the credit situation is also characteriz- 436
ed by the statistics of bills of exchange protests and the legal compulsory auction sales. The following comparative table embodies the data for the last eight years:

	1930	1931	1932	1933	1934	1935	1936	1937
Total bills of exchange in circulation, in million litas	708.24	760.52	546.52	463.21	490.81	423.40	410.43	472.03
Amount of protested bills, in million litas	40.06	67.51	71.74	39.34	32.48	23.54	13.97	12.98
Percentage share of protests in sum of bill circulation	5.7	8.9	13.1	8.5	6.6	5.6	3.4	2.7
Number of compulsory auction sales of movable property	636	794	1 961	3 104	2 768	2 471	1 621	1 084
Amount of debts in million litas	1.48	1.83	3.33	3.81	2.86	3.83	2.33	1.06
Percentage of debt cover	27	35	27	27	22	14	19	27

The number of bill protests, both according to separate items and the total value and according to the percentage ratio

436 to the total circulation, reached the lowest level in 1937 since the introduction of the litas currency in 1922. The reduction of bill circulation (the quoted figures relate to the number of lists sold) in comparison with 1930—32, is due, on the one hand, to the expansion of mortgage credits (we have seen above that the total sum of loans in 1937 already exceeded the pre-crisis level), and, on the other hand, to the consolidation of the economic situation and the enhanced liquidity of the money market, under the influence of which payments in cash are more frequently effected in trade transactions than formerly. The number of the legal compulsory auction sales of movable property, which reached their peak level in 1933, has since then receded by two-thirds. Although it still stands above the level of the years 1930—31, the position is nevertheless to be designated as more favourable because the peak of the debts for the recovery of which legal proceedings have been instituted stands at approximately one-third below the level of the pre-crisis period.

6. The Insurance Companies.

456 At the present time there are in Lithuania 6 insurance institutions, i. e. the State Insurance Office, 3 insurance joint-stock companies, and 2 mutual insurance companies. The State Insurance Office was founded in 1921; it is subordinate to the Ministry of Finance. In 1930 its capital-stock was fixed by law at 800 000 litas. The three joint-stock companies are:

(a) The „Lietuvos Lloydas“, founded in 1922, with a present capital-stock of 800 000 litas.

(b) The „Lietuva“, also founded in 1922, with a capital-stock of 600 000 litas.

(c) The Memel Insurance Joint-stock Company, founded in 1923 (capital-stock 10 000 litas).

The „First Mutual Insurance Company of Lithuanian Economy“ was founded in 1921; the second mutual insurance company „Kooperacija“ in 1925.

The most important data compiled from the balance-sheets of the above enumerated insurance establishments illustrate their activity as follows since 1928 (in million litas):

Year	Capital	Premium Reserves	Premiums Received	Re-insurance Premiums	Total Losses	Losses after deduction of Re-insurance
1928	3.07	1.13	5.28	3.08	2.27	0.95
1929	3.22	1.32	6.21	3.62	4.92	1.30
1930	3.40	1.80	7.03	4.25	3.04	1.15
1931	3.62	2.32	7.70	4.35	6.31	1.64
1932	3.90	2.17	7.14	4.16	5.08	2.16
1933	3.48	2.07	6.55	3.96	4.38	1.77
1934	3.53	1.95	6.13	3.69	3.73	1.64
1935	3.65	1.84	6.26	3.86	4.72	1.47
1936	3.67	1.72	6.33	4.06	2.16	0.99
1937	4.06	2.01	7.25	4.68	2.91	0.96

The most developed branch of insurance in Lithuania is fire insurance to which pertain approximately 90% of all paid-in premiums. The second most important branch is transport insurance, followed by life insurance, burglary insurance, &c. The last-named branches began to develop more rapidly two years ago.

The development of the Lithuanian insurance institutions is characterized by the circumstance that the share of the agreements concluded with foreign companies in the total insurance business (assessed on the sum of premiums), which in 1932 still amounted to 46%, in 1936 had decreased to 42%.

The development of the fire insurance business is disclosed in the following statement:

Year	No. of Policies	Insurance Sums	Premiums Received	Losses
		in million litas		
1932	56 612	914.7	6.8	4.9
1933	52 434	841.0	6.4	4.2
1934	60 925	884.3	5.5	3.4
1935	58 501	901.0	4.9	4.5
1936	61 654	965.8	5.6	1.8
1937	65 462	964.3	5.8	2.0

In conclusion it must be mentioned that the re-insurance business of our companies with foreign institutions is constantly growing, and that Lithuanian establishments conclude not only re-insurances abroad but also take them over from abroad. The Joint-stock Company „Lietuvos Lloydas“ has, for example, business relations with 27 foreign insurance companies, of which seven are in England, four in Germany, four in France, three in Sweden, &c.

APPENDIX

ECONOMIC FIGURES

433		1929	1930
	INDUSTRY:		
	1. Total number of medium and wholesale undertakings (of 5 employed persons upwards)	1 044	1 051
	2. Total number of employed workers	19 637	19 334
	3. Total figure of engine power in H. P.	•	•
	4. Production Index	100.0	108.3
	TRADE:		
474 473	1. Total number of larger undertakings (Trade in the narrower sense I — III Corp)	14 255	14 224
439	2. Railway goods traffic 1 000 tons	2 079	1 993
	3. Price Index	100	87
	4. Foreign Trade Turnover:		
	(a) Million Litas	636.3	646.2
	(b) Volume	100.0	116.7
	5. Cooperative Trade Turnover, million litas	108.6	111.9
	FINANCE AND CREDIT CONDITIONS:		
652	1. Monetary circulation, in million litas	102.3	117.2
452	2. State Revenue, in million litas	338.5	347.7
453	3. State Expenditure, in million litas	269.9	320.6
	4. Deposits of the Credit Institutions, in million litas	282.8	345.7
	5. Loans of the Credit Institutions, in million litas	333.0	437.8
	6. Total Sums of Bills of Exchange Protests, in million litas	49.1	40.1
	7. Discount Rate of the Lietuvos Bankas	7	7

OF LITHUANIA.

1931	1932	1933	1934	1935	1936	1937	433
1 049	1 105	1 108	1 118	1 136	1 135	1 247	
21 053	19 743	20 660	22 282	23 344	25 844	31 689	
70 038	84 804	95 751	94 585	105 349	109 634	125 157	
140.7	153.7		166.5	185.9	244.2	272.0	
							494
14 141	13 590	12 981	12 572	12 034	12 054	12 445	493
2 164	1 599	1 722	1 853	2 003	2 193	2 352	489
74	61	54	52	46	46	53	
551.1	356.1	302.4	285.9	280.8	346.5	420.9	
128.3	106.6	102.2	103.2	103.9	125.2	139.3	
127.8	111.3	105.8	111.3	149.4	185.2	203.6	
127.1	112.7	105.8	101.1	111.4	124.1	131.9	452
340.1	292.0	256.9	264.4	279.9	302.8	329.9	452
335.3	278.2	249.7	251.8	276.9	287.7	318.2	453
302.0	291.2	278.4	269.5	229.6	290.2	347.6	
479.6	449.5	446.5	461.9	451.5	467.3	501.4	
67.5	71.7	39.3	32.5	23.5	13.9	12.9	
$8^{1}/_{2}$	7	7	6	6	$5^{1}/_{2}$	$5^{1}/_{2}$	

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